

Mr Foot's passionate appeal defeats wages policy critics

nding to a dramatic appeal
Foot, Secretary of State for
yment, the Labour Party
ence at Blackpool yesterday
ed the Government's anti-
on policy by a large majority.
ns calling for reflationary
res were firmly rejected. Mr
who had powerful trade union
rt, told delegates that if they

refused to support the policy and
inflation was not curbed, it could
be the end of the Labour Govern-
ment. The minister received a stand-
ing ovation. But some union leaders
made clear in the debate that swift
action was expected on selective
import controls to cut unfair
competition.
[Conference reports, page 6]

Scanlon motion overturned

Mr Foot made a speech which
surpassed all the others in its
sincerity and passion. He talked
with pride of the part he had
played in building a new part-
nership between the Govern-
ment and the trade unions.
He referred to the perils
which had been avoided: a
"threatened miners' strike, an
engineering stoppage, trouble on
the railways, and the prospect of
a disastrous steel strike a few
weeks ago." "I know," he said, "I
know the daily newspapers would
say we did them by giving in.
We did not. It was intelligent
collaboration with the trade
union movement."
Mr Foot was not surprised
that the conference was dominated
by the rising anxieties, fears
and anger of Labour
people about the level of un-
employment. He had listened to
several speakers who said that
they had not worked for the
return of a Labour Government
in order to see unemployment
being deliberately created.
Mr Foot said there was no
dispute about the fact that
employment at its present level
was totally unacceptable to the
Labour movement. It was on
that basis that both the party

executive and the Government
must go about their business.
The world was faced with the
most complex and perilous
recession since 1945, he said.
"We have to muster all our
energies and all our skills to
deal with it."
But the main need was to
tackle inflation and Mr Foot
skilfully turned his appeal for
moderation into a plea for sup-
port for anti-inflation measures
to save the Labour Government.
If the Conservatives got back,
their attacks on the unions
would be resumed. "If we were
ever fools enough to allow them
to get back the levels of power,
the whips would be changed to
scorpions for our chastisement,
make no mistake."
That was really his reply to
Mr Hugh Scanlon, the engineer-
ing workers' leader, who moved
a motion asking for a series of
measures, including the lower-
ing of interest rates, control on
the export of capital, further
cuts in arms expenditure, and
"the raising of consumption by
increasing wages."
That phrase was seen by the
Government as a challenge to
the £5 wages limit and Mr
Joseph Gormley, the miners'
leader, made no bones about it.
He said bluntly that if one
union was going to step out of
line his union also would not
be bound by the agreement
which had been reached be-
tween the Government and the
TUC about wage restraint.
Mr Gormley said that the
miners, by democratic decision,
decided to back the Govern-
ment. "Having had a few
barrels, one of which caused this
Government to be formed," he
said, "we have a duty to give
it a chance."
That did not mean the
Government was being given a
blank cheque: "We want to see
definite steps to tackle this
industrial unemployment."
Mr Foot caused some amuse-
ment when he told how the
Cabinet was not without its dis-
agreements. But he would not
be able to tell the full story
until he wrote his memoirs,
and that was a long time away.
"Disagreements and argu-
ments and debates some-
times as fierce as we have in
this conference," he said. "But
I tell you one thing: there is
unity among all members of
the Cabinet that we should have
at the earliest possible moment
the reflection which people talk
about and an expansion of our
economy."
continued on page 6, col 7

Cameraman dies in new Everest assault

Katmandu, Sept. 23.—Michael
Burke, a London cameraman
with the successful British
Everest expedition, died on the
south-west face only two days
after two other Britons reached
the summit by the previously
unclimbed route, the Nepalese
Foreign Ministry announced
today.
He was in a team of three
climbers attempting the expedi-
tion's second assault on the
peak. The other two, Peter
Savillman, aged 24, a
mountaineering instructor from
Manchester, and Sherpa Per-
umba, the expedition's head
Sherpa, successfully reached the
summit on Friday.
Last Wednesday two other
members of the expedition,
Dougal Haston and Doug Scott,
climbed the 29,028 ft peak by
the south-west face in a record
33 days from setting up base
camp.
Mr Burke, who was 32, leaves
a widow, Beth, and one child.
He is the twenty-third man to
die since 1952 on expeditions
attempting to scale Everest
from the Nepalese side, and the
second to die on the present
climb. Earlier a Sherpa porter
died when carrying baggage to
the base camp.
The Nepalese announcement
did not disclose how Mr Burke
died, but said: "Following this
tragic death, the expedition was
abandoned on September 26. All
remaining climbers have moved
down to the base camp." The
expedition would make no
further attempt on the summit
and was now coming down from
the mountain.
Mr Burke had been to
Everest in 1972 with Chris
Bonington's unsuccessful expedi-
tion. He was also a member of
Mr Bonington's successful
Annapurna south face expedi-
tion in 1970.
The south-west route was re-
garded as the last great mount-
aineering challenge, and after
last Wednesday's triumph, Mr
Bonington, the expedition
leader, decided to make further
attempts on the summit with
other lead climbers from the
18-man team.
There have been fatalities
twice before on Himalayan
expeditions led by Mr Bonington.
In 1970 Ian Clough, aged
30, of Glasgow, Argyll, was
killed by a falling ice pinnacle
on the last day of Mr Bonington's
Annapurna climb, and in
1972 Tony Tighe, aged 24, from
Melbourne, was killed by fall-
ing ice at the end of Mr Bonington's
first south-west face
expedition.—Reuter and Agence
France-Presse.
Philip Howard writes: Michael
Burke was on Everest filming
the ascent for the BBC.
He was Britain's leading high-
altitude cameraman and was
even without his camera, one
of the climbing elite. He was
a member of the Alpine Club,
the oldest and most eminent
climbing club in Britain, of the
Alpine Climbers Group, and of
the screening committee of the
Mount Everest Foundation, the
charity which helps to finance
expeditions.
Mr John Corbett, head of
film operations of BBC Tele-
vision, said last night: "We are
all deeply shocked and upset.
Mick Burke was a fine chap,
as professional with his film
work as he was at his climbing.
His death is a tragic and irre-
placeable loss."
Obituary, page 14



Mr Pasquale Cenicola, the hostage released yesterday, is carried out.

Restaurant gunmen free hostage

By Michael Hornell
A second hostage was released
by three gunmen still trapped
in a London restaurant last
night. The release came after
the gunman demanded a
ransom of £10,000. The gunman
assured that their case would
be put by telephone to Mr Jen-
kins, Home Secretary.
On Sunday night the first
hostage, Signor Alfredo Olivelli,
was released after 15 hours.
Mr Pasquale Cenicola, the
released man, was carried out
on a chair stretcher and was
taken to hospital, suffering
from exhaustion.
His release, nearly 41 hours
after the siege began at the
Spaghetti House restaurant in
Knightsbridge, was the result
of a diplomatic intervention by
Signor Mario Manca, Italian
Consul-General in London.
A hostage told him through
a wall of the basement where
he and his six Italian colleagues
were held prisoner that Mr
Cenicola was sick. Signor Manca
asked the gunmen to release
him. They agreed, if Signor
Manca would ask Signor
Roberto Ducci, Italian Amb-
assador in London, to speak to
Mr Jenkins on their behalf.
Signor Manca gave that
assurance. After consultations
between Signor Manca, police
and the gunmen, Mr Cenicola
was released.
The gunmen received Signor
Manca's assurance, they
asked, through a broadcast on
the transistor radio the police
had provided.
A senior police officer said:
"The conversation between
Mr Manca and the hostage
was in Italian, so we are not
all that sure what was actually
said. After that there was a lot
of argument, but the gunmen
agreed that if we could get a
message on a news programme
they were listening to, saying
that the Italian Ambassador
had phoned the Home Secre-
tary, they would release the
sick man."
The gunmen dug themselves
in for the third night after
police refused their demands
for an aircraft to help them to
flee the country.
Signor Manca had said the
hostages were afraid they could
be shot at any time, although he
said he was satisfied with the
police operations.
The police said conditions in
the tiny basement at the
Spaghetti House restaurant
were about as bad as they
could get. But the gunmen, a
Nigerian and two West Indians,
who claim to be members of
the Black Liberation Front,
appeared to be resigned to
holding out. The place has been
ringed by armed police.
Commander Wilford Gibson,
Continued on page 2, col 3

Portuguese troops and radio station staff defy Premier's order

From Michael Knipe
Lisbon, Sept. 23
Left-wing demonstrators took
to the streets of Lisbon today
to protest at the Government's
action in sending troops to
occupy the country's radio and
television stations.
Addressing the crowds on the
steps of the Emissora Nacio-
nal studios, Senhor José
Tengarrinha, the leader of the
Portuguese Democratic Move-
ment (MDP) protested that
fascists and reactionaries were
advancing under the cloak of
Government authority.
In a statement announcing
the military action, Admiral
Pinheiro de Azevedo, the
Prime Minister, said it was
"an exceptional measure
designed to avoid the declara-
tion of a state of emergency
which would affect normal
exercise of civil liberties". It
was intended to restore a nor-
mal situation in the context of
"truly free responsible and
pluralistic information".
The troop units which occu-
pied the stations told the
broadcasting staff that they
could broadcast only official
communications and news agency
reports without comment.
At Radio Clube Português,
the largest commercial station,
the staff refused to refrain
from commenting.
The order was given for the Parachute
regiment occupying the station
to evacuate the staff but it was
not carried out. Instead, the
station broadcast that the
troops were not interfering
with their work, and were
fully on the side of the
workers.
Later, General Otelo Sar-
raiva de Carvalho, the com-
mander of Copcon, the military
security force, sent in a second
unit of infantry to impose the
Government's edict.
At Radio Renascença, the
Roman Catholic station which
has been controlled by a left-
wing workers' committee for
several months, the staff
refused to broadcast the Prime
Minister's announcement. It
was eventually read out by the
captain in charge of the occu-
pying force.
Staff at Emissora Nacional,
the non-commercial station,
expressed their dissent by
broadcasting revolutionary
songs and anti-reactionary
slogans.
Later, a statement was
issued saying that the Emis-
sora Nacional had decided to
cease broadcasting the Prime
Minister's communi-
que because it was an attempt
to impose censorship. Normal
broadcasting would be
resumed, they said, and they
undertook not to broadcast
"alarmist" news in view of
the delicate situation.
The military occupation has
precipitated something of a test
of strength between the
Government and the Portu-
guese left, with each accusing
the other of displaying reac-
tionary tendencies. The
apparent insubordination of
the parachutists who have
sided with the workers at
Emissora Nacional has high-
lighted the divisions within the
military and particularly
among the rank and file.
Since its inception 10 days
ago, Admiral Azevedo's
Government has faced chal-
lenges to its authority by dissi-
dent servicemen, left-wing
civilian groups, and disabled
ex-servicemen campaigning for
improved benefits.
In his statement, Admiral
Azevedo said that there had
been a deliberate attempt to
exploit politically the disabled
ex-servicemen's grievances
which had been intended to
paralyse the life of the capital.
At the same time there was a
manipulation of a group of
servicemen which endangered the
basic principles of military dis-
cipline.

Franco Cabinet meets as Basques strike

From Harry Debelius
Madrid, Sept. 23
The Spanish Cabinet met in
emergency session today to dis-
cuss the international wave of
criticism of the Franco regime
over the executions on Satur-
day of five political activists.
More than 100,000 Basques
went on strike today in protest
against the execution.
There was no immediate
word of what was discussed
but General Franco, who cus-
tomarily presides over Cabinet
meetings, did not attend.
In Barcelona two policemen
were wounded, one very se-
riously, at the Francisco
Franco Hospital in what may
be the biggest payroll robbery
in Spanish history. The robbers,
who were armed with sub-
machine guns and included at
least one woman, escaped with
32m pesetas (£263,000). The
Maoist organization FRAP, to
which three of those executed
belonged, is suspected.
It was learned that Algorta,
the Basque town where police
bullets wounded six demonstra-
tors over the weekend, was not
the only place where police
opened fire to disperse angry
crowds. Another casualty from
police gunfire was reported in
Erandio, which is also near
Bilbao. Other demonstrations
took place elsewhere, but in-
formation was scant. The
Government suppressed
Spanish news agency reports
this morning on the Algorta
shootings.
In San Sebastian, two foot-
ball players were believed to
be still in prison after they
dared to wear black armbands
during a match on Saturday.
At half time, suspecting that
the armbands were a sign of
mourning for the executed,
police ordered the players to
remove them. When the game
ended the two were taken into
custody.
There were reports from the
Basque country of continuing
political arrests. A petrol bomb
damaged an office of the state-
run trade union network in
Salamanca and another explo-
sion damaged a Barcelona
bookstore.
Slogans appeared overnight
supporting the executions.
Splashed in red paint on the
walls of the British Institute in
Madrid were the words "No
foreign interference" and
"National dignity".
TUC and other reaction,
page 7



t at Blackpool: Government threatened if policy

ht held in losives ce raid

seized explosives and
ruses yesterday, when
ing men were arrested
ers of the Special
Scottish Crime Squad,
riminal CID, attached to
de police force,
mes Binnie, Assistant
onstable (Crime) and
de police force, said in
afterwards: "Eight
have been arrested
of Scotland and are
ported in connection
ed conspiracy and
tion of the Explosive
s Act.
which have taken into
vision a large quan-
explosive substances,
detonators and ammu-
in cruiser was seized
circumstances will be
n the procurator fiscal
admitted that six of
st came from Scot-
ther own from North-
ock, four men, a
vman, aged 61, and
ed daughter, aged 25,
ied in down a side on
id premises in east
e charged with con-
further the aims of
stem like the Defence
is, possessing explo-
sives, and sending
through the post
d charges against
men arrested, who
not be known until
in court.
ish found in
e remains
Sept. 20.—A British
ist Miss Honor
confirmed that a
found sealed in the
of a Public Trench
off Marsala is

Hospital beds in jeopardy because of government pay cut for agency nurses

By John Roper
Medical Reporter
Hospitals may be forced to
close hundreds of beds from
October 1 because of the Gov-
ernment's decision to cut the
pay of agency nurses, as part
of its policy to phase them out
of the National Health Service.
London and South-east Eng-
land, where hospitals rely par-
ticularly on agency nurses to
staff intensive care units and
geriatric wards and for tem-
porary duty at night and at
weekends, will be the worst
affected.
Mrs Castle, Secretary of State
for Social Services, has been
told by the hospital authorities
that they are in grave difficulty

because of a department
circular saying that the hourly
rate for agency nurses should
be £11.4, not £12.52.
Nurses say they may lose £15
a week. Many are likely to leave
the health service for the
private sector, where they can
leave the profession altogether,
it is claimed.
One nursing officer employ-
ing 40 agency nurses thought
she might have four after
October 1.
Dr Michael Sinclair, chair-
man of the British Nursing
Agency, which has 11,000
nurses on its books, about 35
per cent employed in health
service hospitals, said that
most were married women work-

ing part-time. They would not
accept a drastic pay cut.
Miss Gina Oldfield, a state-
registered nurse and registered
children's nurse, said last night
that since the government cir-
cular there had been a stan-
dard of agency nurses in the
private sector. Agency nurses
would receive about £10 a week
less than a newly qualified
health service staff nurse. Most
worked through an agency be-
cause they could offer work at
irregular hours. Health service
hospitals could not provide the
necessary flexibility.
The British Medical Associa-
tion said the health service
would be deprived of key staff.
Leading article, page 13

Vauxhall warn 4,000 to join a union

Vauxhall Motors yesterday warned its
workers that a "closed shop" policy is
to be imposed on all its plants in
Britain. About 4,000 non-union
employees out of the company's 22,000
labour force, will have to join a union
or may face dismissal. As a result of
an agreement with the car unions mem-
bership will become a "condition of
employment".
Page 15

Mr Craig quitting as split continues

The "Inyanist" coalition in Ulster failed
yesterday to heal the split among its
24 members, and Mr William Craig will
officially hand in his resignation as
deputy leader today. The breakdown
came on the eve of the resumption of
talks on the setting up of a constitu-
tional Convention.
Page 2

Hearst 'conversion'

Rolling Stone, a magazine which has
claimed the California underground,
claimed today that Miss Patricia Hearst
was a willing convert to the Symbionese
Liberation Army who had asked to join
against the wishes of most members. It
said that while missing she had twice
been driven across America.
Page 8

Pirates surrender

About 40 pirates who seized a Japanese
ship with 29 people on board in the
Philippines port of Zamboanga sur-
rendered yesterday. The Philippines
Navy had threatened to kill all the
pirates, who had earlier demanded a
ransom of \$13,000 (about £50,000) for
the release of the hostages and ship.
Page 8

Striking teachers form 'alternative' school

Teachers on strike from the William
Tyndale junior school, North London,
have started an "alternative" school
in a chapel with their own books and
materials. Twenty-four children arrived
for lessons yesterday: 71 children were
into the official school, the same num-
ber as on Friday.
Page 4

Police last night ruled out the possibility that engine failure, lack of lights or a gale caused Sunday's accident in which 10 part-time soldiers in a boat drowned in the Trent

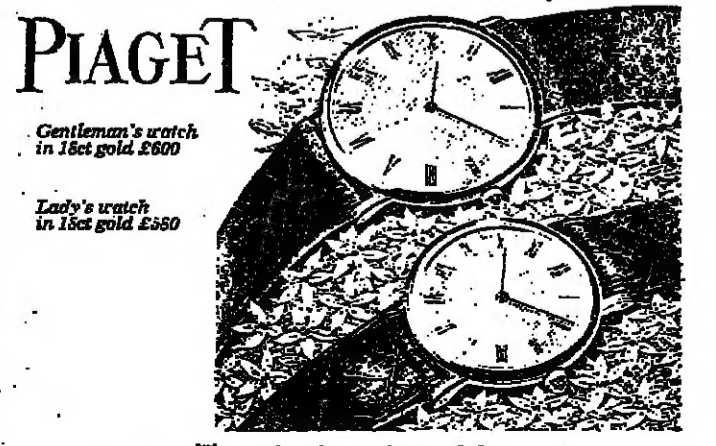
Brussels: Figures published by the
European commission show that Britain
is now at the top of the unemployment
league.
United Nations: Britain is to oppose the
threatened U.N. vote on the admission of
North and South Vietnam.
China: Richard Harris and other
specialists look at the development of
the People's Republic over the past 26
years in an eight-page Special Report.
Page 2

On other pages

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MP, and others; the climbing of Everest,
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grove on Berlioz in the Invalides; concert
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appoint American as captain's Rector.
Business News, pages 15-20
Stock markets: The Labour Party confer-
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HOME NEWS

Mr Craig prepares to resign as Ulster coalition remains split

From Christopher Walker, Belfast

An attempt to close the split among the 44 members of the "loyalist" coalition failed yesterday on the eve of the resumption of the last stages of Ulster's experimental constitutional Convention.

As a result, Mr William Craig will officially hand in his resignation today—as deputy leader of the United Ulster Unionist Coalition. His reasons, centring on his support for the setting-up of a temporary emergency government, including Roman Catholic politicians, will be given in a detailed resignation letter.

At Stormont yesterday Mr Craig met a delegation of loyalists headed by Mr Harry West, the coalition's leader, and Mr James Moynihan, leader of the United Ulster Unionist MPs at Westminster.

It is understood that Mr Craig again expressed his conviction that the setting-up of an emergency coalition was vital and would fall well within the guidelines set out in the UUUC election manifesto. He also indicated his determination to continue his efforts to win support for his plan, despite attempts by his colleagues to persuade him to climb down.

Afterwards, Mr Craig hinted at the deep divisions which his ideas have caused among the formerly united loyalists. He said the meeting had been "reasonable in the main, but with a little chilliness creeping in from time to time."

Although he will persist in his efforts to explain the logic of his more moderate approach to members of the Social Democratic and Labour Party, it is reliably understood that he still intends to vote for the UUUC proposals when the form of the Convention's final report is debated.

His political future is still in question in his own party and the coalition. There are those inside the UUUC who would like to see him and his small band of supporters expelled, but for the moment that course appears to have been averted. The Vanguard Unionist Party executive will decide tomorrow night whether he will have to seek a vote of confidence to continue as party leader.

Meanwhile, a more serious and acrimonious dispute is developing between the Rev Ian Paisley, Mr Craig's main political opponent, and the Ulster Defence Association, the largest and most influential of the loyalist paramilitary groups. Leading members of the UDA met again in Belfast yesterday to discuss an uncompromising "dossier" about Mr Paisley's alleged activities which they

are threatening to disclose at a press conference later in the week.

Mr Andrew Tyrer, the UDA's commander, strongly supports the political ideas recently outlined by Mr Craig. He and his senior lieutenants feel that Mr Paisley is trying to sabotage any hope of the Convention reaching an acceptable compromise.

As differences continued to divide the once united loyalists, the bombing campaign continued in Londonderry, where until recently the Provisional IRA's ceasefire was at its most evident.

A carpet shop was wrecked by a bomb in Strand Road, a district in which three bombs caused widespread damage last week. A 10-minute warning was given by the local post office, and security forces just managed to clear the area before the device exploded. Although no organization claimed responsibility, the Provisional IRA is believed to have been to blame. Churches damaged: A second church building in Londonderry has been damaged by bombs in less than a week (our Londonderry Correspondent writes). It was discovered yesterday that raiders had forced an entry through a stained-glass window of the new Roman Catholic church at St Oliver Plunket at Strathfoyle, on the outskirts of Londonderry. A bomb was placed near the altar, but the explosion caused little damage.

Last week, an IRA explosion in a shop in the city centre also damaged the church hall next door of Strand Presbyterian Church.

The Roman Catholic Bishop of Derry, Dr Daly, said the attempted destruction of the new church was despicable and sacrilegious. Strathfoyle was a mixed community, and the action must not be permitted to damage community relations.

The Church of Ireland Bishop of Derry and Raphoe, Dr Eames, said he had learnt with disgust of the attack on the Roman Catholic church. At a time when the church had taken a lead in promoting reconciliation among all people, he hoped that such acts would be condemned by all right-thinking people.

IRA admission: The Provisional IRA in Londonderry admitted last night that one of its members shot a soldier in the city last Friday (the Press Association reports). Private David Wray, aged 18, of The Prince of Wales's Own Regiment, was shot in the chest while on patrol in the Creggan Estate. His condition yesterday was still serious.

The IRA said the shooting was retaliation for house raids, arrests, and harassment.

Siege police send in cigarettes and coffee

Continued from page 1

who has been leading the negotiations, said the gunmen's demands were merely an attempt to be treated politically. The siege was being treated by police as a hold-up that went wrong and the men's demand for a car and aircraft to flee the country was immediately refused.

The arrival at the scene early yesterday of Commander Christopher Payne, head of the Metropolitan Police division, was dismissed as "coincidence."

Mr Payne, who played a leading part in the negotiations when a BAC-111 was hijacked on a flight from Manchester to London earlier this year, arrived to take over routine negotiations.

The gunmen, trapped in the restaurant during an unsuccessful £11,000 hold-up at 1.45 on Sunday morning, were holding the hostages with them in a store room, and were said to be calm. But police listening to their conversations through a ventilator in the basement heard raised voices whenever suggestions were made that they should give themselves up.

The only demands met by the police were for water, coffee and cigarettes. The 12ft by 10ft store room contains food. A bucket, was handed in, because there is no sanitation in the room, which has become unbearably hot.

A psychiatrist from Brixton prison, doctors and Home Office officials were on hand throughout yesterday.

Mr David Bancroft-Rainsford, Jamaican deputy High Commissioner, spent several hours talking with the men.

Signor Manca said: "The gunmen want to be free and get out of Britain; that is their sole demand. I spoke to one of them on behalf of my countrymen and he just told me they want to be provided with an aircraft."

"The gunmen seem prepared to talk at times and then they say: 'Enough of the talk; we want some action'. The hostages feel they may be shot at any moment. They tried to persuade me to put pressure on the British authorities to get them out. I have no complaints about the way the police are handling the matter."

Commander Ernest Bond said no deals would be made with the gunmen. "They have made all the usual demands that you expect from a kidnap situation, but we have said quite plainly they are not going anywhere."

The discussions, at intervals, between the gunmen and Commander Gibson were said to be "like a shouting match."



Signor Mario Manca, Italian Consul-General, at the siege scene yesterday.

Commander Bond added, "Their demands have been a little confused. I don't think they know where they want to go. But this is a robbery which has gone wrong. I think they have got into this situation and they have got some thoughts about how they are going to get out of it."

"Our prime concern is to get the hostages out alive and we don't care how long we have to wait."

He said he thought the gunmen were still being reasonable and cool, not hysterical, but how long it would be before they reached breaking point was a serious matter for consideration by the police.

Signor Salvatore Nasta, a brother of Signor Renato Nasta, one of the hostages, arrived at the scene of the siege after travelling from Venice yesterday. He declined to comment about his arrival.

The Black Liberation Front, to which the three gunmen claim, they belong, yesterday denied it had given the names and other details of the three men to police.

Mr Tony Soares, a member of the front, a solicitor, and other members went to Knightsbridge on Sunday night and offered to mediate. Mr Soares said they had done so after hearing that the three gunmen claimed they were members. "The police refused our offer unless we could disclose the names and background of the

runmen involved. This we were unable to do."

Later Mr Soares said they did not know whether the gunmen were members of the front. "We are uncertain who the three men are."

The Black Liberation Front says its aims are peaceful and that it would deplore the action of the three gunmen should they turn out to be members. "Our members run and participate in projects such as advice centres, supplementary education programmes, social welfare, youth clubs and similar projects."

"We are a respected and responsible organization that seeks to help black people. Voluntary organizations and statutory authorities can confirm our positive work," it said.

Ratepayers' attempt to lodge appeal fails

Hillingdon ratepayers applied unsuccessfully at Middlesex Crown Court yesterday for leave to appeal out of time against the rates levied by Hillingdon Borough Council. They were told by Judge Trappnell that it seemed to him that the District Auditor had the right to increase, or they could apply to the High Court for an injunction.

The applicants were Mrs Wendy Hobday, of Bury Street, Ruslip, a former Independent Conservative candidate and secretary of the Hillingdon Residents' Federation; Mr Leslie Herbert Buckham, of Sharp's Lane, Ruslip, the federation's president; and Mr George Davis, of Highland Road, Northwood Hills. The signatures of 5,900 ratepayers supporting the application were produced to the court.

Mr Martin Tucker, QC, for the applicants, submitted that the court had power to extend the 21 days allowed from the publication of the rate to serve notice of appeal.

If the court was saying "We have no power to extend the period" the right of appeal would be rendered almost nugatory because most ratepayers did not know about it until long after the 21 days had expired, he argued. He submitted the ratepayers were persons aggrieved because the rate levied for April 1 this year to March 31, next year, was so excessive as to be unlawful.

Among the grounds of the appeal was a complaint that provision had been made for the purchase of land for future housing needs which was excessive. It would require additional and unnecessary financial provision from the rate to the extent of about £10m.

The ratepayers also complained about a joint venture with Harrow Council to run a holiday hotel at Cliftonville which showed an estimated deficit of £98,000; the proposed appointment of a director at an estimated cost of £25,000 a year; and of a free magazine.

Mr David Widdicombe, QC, for Hillingdon Council, said he supported the judge's decision in a similar application by Hounslow ratepayers last July in which the court had no power to extend the time.

The matter had been the subject of much publicity in Hillingdon and the council did not accept that 21 days was insufficient time to lodge notice. So far as alleged unlawful expenditure was concerned the council had a complete answer.

"There has been nothing unlawful. Much of the council's expenditure arises from Acts of Parliament which impose duties of one kind or another on the council," he said. They had a housing waiting list of 3,697 families at present, was a list of 6,493 families who would qualify for inclusion. The expenditure would take place not in one year but in a number of years.

In giving his decision, Judge Trappnell said: "It may be regarded as unjust, but it is not the law for a view which seems to me contrary to the regulations. That is a matter for Parliament or the statutory authority to apply themselves to."

The applicants were ordered to pay costs.

After the appeal Mrs Hobday said: "We are not disappointed by the way the applicants' case was put. We feel it went very well. We are disappointed in the result and we shall have to take further legal opinion."

Steel props hold up new medical school

From Our Correspondent, Southampton

Structural defects have been discovered at the new £2.5m medical school at Southampton University. Cracks have appeared in concrete beams on the main floor, supporting the roof and steel props have been put in.

The university said yesterday that the construction relied on cantilevered beams supported by columns.

An exhaustive survey has been carried out by the consultants, Ove Arup, of London, who had ordered immediate remedial measures.

"There is no danger of the building falling down," the university said.

The medical school was completed only last year.

Caravan action called move to evade Act

From Our Correspondent, Oxford

Caravan for four caravan owners in Grove, Oxfordshire, accused the owners of the site yesterday of bringing a court action to evade the requirements of the Mobile Homes Act, which takes effect tomorrow.

The action is being brought by Charles Simpson Motors Ltd, operating as Charles Simpson Caravans, of Westgate, against Mr Walter Meehan, Mr John Starr, Mr Derek Pearce and Mr Leslie Hill, who run the Westfield Close and Willow sites. They were among 45 owner-occupiers who refused to sign agreements to move to new sites in 1971. Action is pending against more than 50 other residents.

Mr Stephen Tubb, told Judge Clove at Oxford County Court that the Act would give caravan owners no real sites up to eight years' security. The company's action could put its agreements permanently outside the Act.

Mr Christopher Cochrane, acting for Charles Simpson Motors, said the intention was to force the residents to sign to win new agreements. The new Act could be interpreted to mean that after a writ had been served, "it would not give to the defendants the right to sell their caravans on the site to other people."

Judge Clover said: "I am bound to say that those who come to this court seeking to get caravanners out of their caravans have had little joy."

The hearing was adjourned to a day to be arranged.

Girls' school evacuated in big blaze

From Our Correspondent, Llandudno

The staff and 180 girls of Clarendon School, near Abergele, were evacuated last night after a fire destroyed at least one block and affected others. No one was injured.

Within three minutes of the alarm all the pupils had assembled for a roll call and were accounted for. A cleaner suffering from the effects of smoke was assisted from the burning domestic science block but soon recovered. Miss Sheila Houghton, the headmistress, said the fire drill had been followed perfectly. Fifty firemen prevented the flames from spreading to the rest of the school.

Fat babies make unfit adults, mothers told

Breast feeding was among the recommendations made by a campaign launched yesterday to persuade mothers to keep their babies slim.

The Greater Glasgow Health Board is to use health visitors and dietitians to tell mothers the importance of the correct method of feeding their babies.

The health board's office said fat babies often became fat children, and then fat adults, with a tendency to diabetes, heart attacks and other diseases. About 45 in every 100 British babies were overweight, and there was concern among doctors.

The health board encourages breast feeding and avoiding solid foods before the age of four or five months, and encourages savoury food substitutes for sweet foods. A steady gain in weight is an indication of successful feeding, the board said.

The average gain for babies from birth to six months should be 1.25lb to 1.5lb a month. Between six months and 12 months it should be 1lb a month.

Land Bill 'constitutionally unacceptable' to lawyers

By Our Planning Reporter

The Community Land Bill in its present form is unacceptable from a constitutional point of view for two reasons, says the all-party lawyers' body, says in a memorandum.

Those reasons are, first, that so much of importance to the proposals is left to delegated legislation and, second, that the Bill confers such wide and unprecedented discretionary powers on local authorities and on the Secretary of State.

The memorandum says that the Bill is not arranged in a way which assists the ordinary person to understand it. Moreover, those interested in the legislation have encountered serious difficulties in following its day-to-day progress through the House of Commons because essential documents have not been freely and speedily available.

The memorandum was evidently drafted before the publication of last week's government policy statement, which proposed exempting certain types of development from the Bill's provisions, and proposed limits on compulsory purchase powers on local authorities and on the Secretary of State.

The memorandum says that the Bill is not arranged in a way which assists the ordinary person to understand it. Moreover, those interested in the legislation have encountered serious difficulties in following its day-to-day progress through the House of Commons because essential documents have not been freely and speedily available.

Hydraulic fault haunts jet

A BAC One-Eleven jet carrying 57 passengers from Bristol, made an emergency landing at Glamorgan (Rhodes) Airport yesterday after a fault developed in the hydraulic system.

Mr Edward Mallon, director of Rhodes, said that the passengers and crew left for 15min in another aircraft an hour later.

Murder attempt by ex-patient

A former inmate of a mental hospital tried to murder another former patient by putting weedkiller containing paraquat in a pie, it was said, in the High Court in Edinburgh yesterday. Alexander Lightbody, aged 46, who pleaded guilty to attempting to murder Mr John T. Brown, May 26, and June 6, was ordered to be detained without limit of time at Carstairs Hospital.

It was stated that both men were patients at Rangoon Hospital, Broxburn. They were released and were living together at Deans Livingstone, Lothian, in an attempt to become rehabilitated. There was friction between them.

Two boys found exhausted on mountain

Two boys, aged 14, who had been missing for 24 hours on a mountain in Scotland, were rescued yesterday. They were frightened and exhausted.

Alan Brady, of Craighill, East Kilbride, Lanarkshire, and John McKay, of Naysmith Bank, East Kilbride, were brought down from about 2,000ft up Ben Nevis, in Dumbartonshire, by police teams.

An RAF helicopter took them to Glasgow airport where an ambulance took them to hospital suffering from exposure.

Flight Lieutenant John Strling, who piloted the helicopter, said that conditions were atrocious. The boys, who had been out in the open since about midday on Sunday, were experienced hill walkers and were part of a group of nine camping at Succoth, Argyll, with the Boys' Brigade, police said.

Weather forecast and recordings



Fill all London council homes, Tory chief says

All local authority housing property in London should be brought into beneficial occupation immediately, Mr Geoffrey Finsberg, a vice-chairman of the Conservative Party, urged yesterday.

In a speech to Streatham Conservative Association he called for the strongest possible measures against squaring which, he said, frequently kept deserving people on council waiting lists from getting a decent home.

He criticized the Labour-controlled GLC for what he termed its inefficient and spendthrift policies and accused the Labour-controlled boroughs of milking the ratepayers.

Every Labour local authority must be made aware of its responsibilities to tenants and ratepayers, he said.

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Who do you ask if you need a reference for a landlady? Who do you ask to chase up your Local Authority if it's late with your grant cheque?

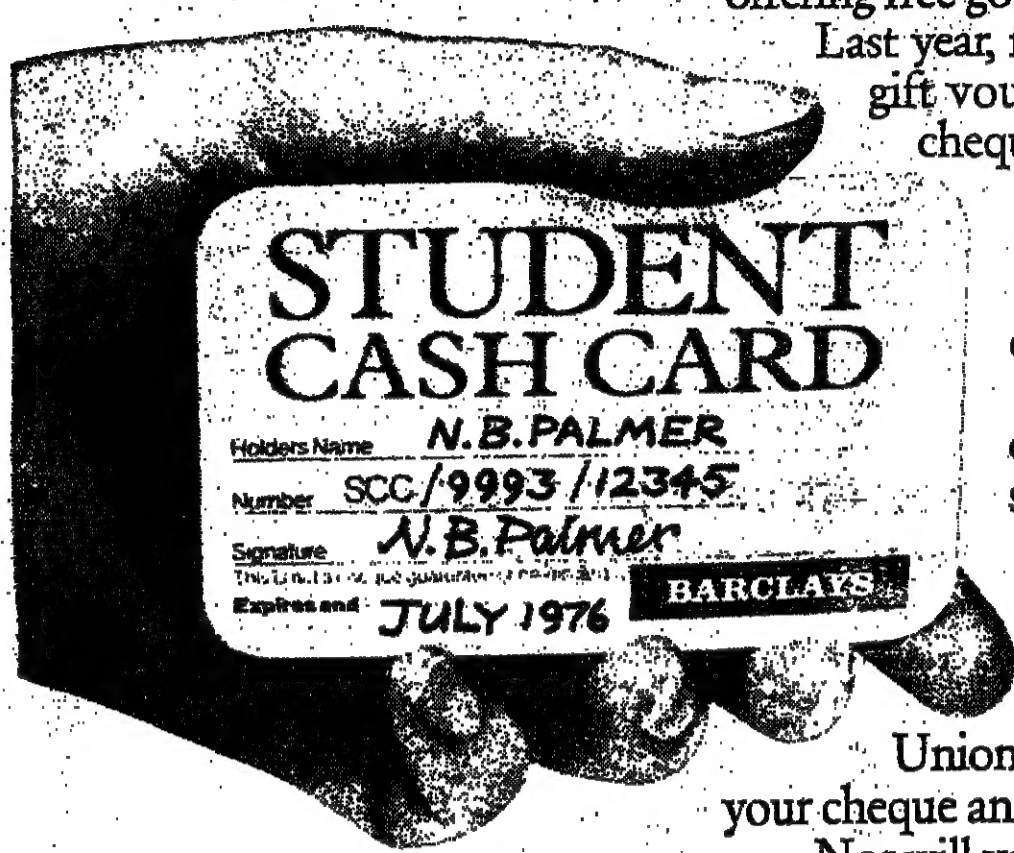
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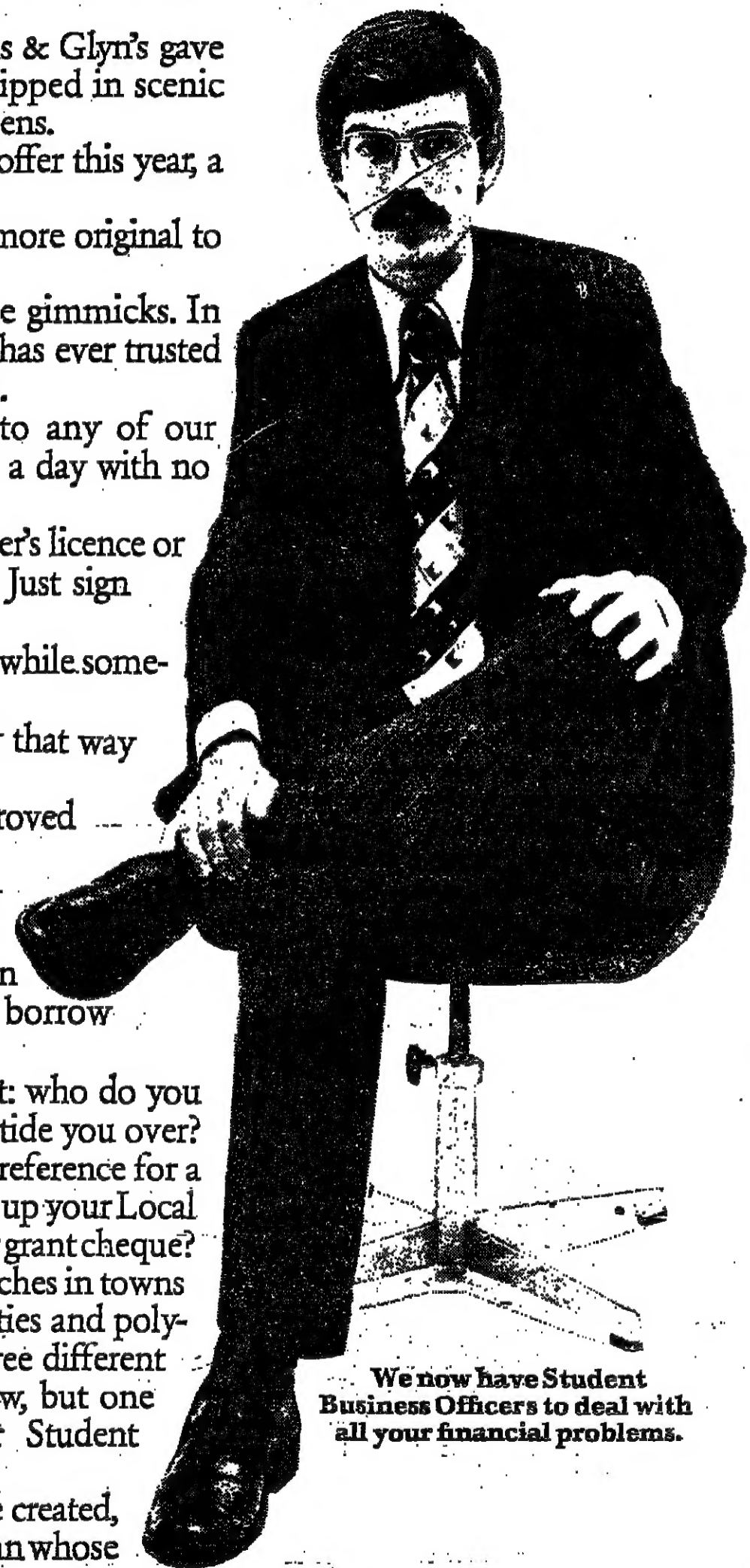
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ST EUROPE

West Germans standing firm on EC budget cuts as ministers begin new effort to end deadlock

By Our Own Correspondent
Sept 29

Members of the Nine community budgetary affairs ministers met in Brussels tonight in an attempt to break the deadlock that has lasted for the last week over the Commission's proposals for the 1976-77 expenditure.

West German delegates met Monday to vote on the budget as a whole. Colleagues had rejected cuts in agricultural spending, the ministers conceded last Tuesday morning. They had managed to agree only to reduce the 1976 draft budget of 900 million units of account (about £3,333m) by 30 million units. This was mainly through savings in regional, industrial, research and development spending.

As the budgetary talks went under way, a fresh attempt was made to resolve the EEC's wine war. But shortly before the opening session tonight between the Nine's Ministers of Agriculture, one of the leading protagonists in the dispute, M. Christian Bonnet, the French minister, told reporters that he was pessimistic about the outcome. He expected the Italian and West German governments to block his request for the introduction of a system of income guarantees for winegrowers.

At the start of the meeting, the ministers approved special arrangements for British cane sugar refineries, designed to ensure that imports from the Commonwealth find their way into Britain rather than other parts of the Community.

Refiners will receive an additional payment of about £6 a ton to process cane sugar, so that they can compete more equitably with beet refineries. It is generally accepted that cane sugar refining is the more expensive process.

Mr. Peart, the British Minister of Agriculture, said before the meeting that he was considering further measures to help his country's ailing dairy farmers.

These would be in addition to today's injection of £7.3m into the dairy industry to be paid to farmers through the milk marketing boards. According to British agriculture officials, today's payment represents the equivalent of 3.4p a gallon to farmers, a four-week period and is intended as a stop-gap measure to help farmers until a further aid package can be worked out.

Our Bonn Correspondent writes: At their special meeting in Schloss Garmisch today, the entire Cabinet and West Germany's two European Commissioners agreed that unavoidable economies in the Community budget should not be allowed to lead to a suspension of the EEC as a whole. Proposals for improving the efficiency of Commission, Council of Ministers and European Parliament were also discussed before Herr Biele left for Brussels with his firm instructions to press for all possible agricultural budget cuts.

Luftwaffe man's trip to S Africa explained

From Dan van der Vat
Bonn, Sept 29

A convoluted mystery has developed around a visit last year to South Africa by Lieutenant-General Günter Rall, of the West German Air Force.

The Hamburg news magazine Stern served notice today that it planned to make public certain documents about the visit in its issue on Thursday, according to which Rall became available today. The Defence Ministry has already begun to counter them.

A ministry spokesman said that the visit had been private—but the South African Government, through its embassy, had paid for the air ticket. During his visit, General Rall, former inspector of the Luftwaffe and now serving as West German representative on the Nato Military Council in Brussels, toured the top secret South African nuclear research centre at Palmdale, where South Africa is developing its own uranium enrichment facilities. The general said that the purpose of his visit had been to see a former commandant-in-chief.

On the allegation by Stern that the general had travelled under a false name, the ministry said that a mistake had been made in preparing his ticket, which bore the name "Rall" instead of "Rall".

The general's idea that his journey to South Africa had the approval of the Defence Minister had been made in preparing his ticket, which bore the name "Rall" instead of "Rall".

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EC encouraged to harass Spain

By Labour Editor
Sept 29

A trade union campaign to break links between Spain and the European Economic Community (EEC) is gathering momentum. At the weekend, Jack Jones, the transporters' leader, called for a boycott of goods from the Government.

Early today, several hundred EEC officials gathered at a protest rally outside the main entrance of the Berlaymont, the Brussels headquarters of the Commission, and issued a statement calling for a halt to the trade talks.

Two of the EEC's 13 Commissioners took part in the rally. Last week, the European Parliament voted in favour of "freezing" trade relations with Spain. The assembly's decision is not binding on the Commission or EEC member governments, but the strong views expressed almost certainly mean that the question of an appropriate EEC response will be discussed at next week's meeting of Foreign Ministers of the Nine in Luxembourg.

The most likely outcome of all these moves is the suspension of the next round of trade negotiations with Spain, to be held next month.

The sharpest reaction to the suspension has come from the Mexicans and yesterday Señor Jaime de Fines, the Spanish ambassador, told the President of the United Nations Security Council that a letter from President Luis Echeverría of Mexico, calling for Spain's expulsion from the United Nations was "absolutely unacceptable".

President Ford expressed regret, through a spokesman, at a "cycle of violence" in Spain and Portuguese-Spanish relations reached breaking point when a second consulate, this time in Oporto, was sacked.

Australia lodged an official protest with the Spanish ambassador in Canberra while the Swiss and Austrian governments recalled their envoys for consultations.

ad rebels say hostage will be free in a month

By Charles Hargrove
Sept 29

Claustre, the French man detained since 1974, by the Tuareg in Chad, "will be free in a month", Mr. Hissen, their leader, told M. Desjardins, the special agent of Le Figaro, in an interview in the Tibesti 1 days ago with three French journalists.

Mr. Hissen added a pro-French Government "in my word, he said, 'we should be content to execute him.' He said the affair has lasted and our patience is at its limit."

Mr. Hissen added a pro-French Government "in my word, he said, 'we should be content to execute him.' He said the affair has lasted and our patience is at its limit."

Mr Gromyko in talks with East German leaders

From Our Own Correspondent
Bonn, Sept 29

Mr. Gromyko, the Soviet Foreign Minister, called on East German leaders in East Berlin today in preparation for their summit level visit to Moscow in the first half of October.

Among the themes under discussion are bilateral relations, the likely effects on détente of the European security conference and relations between East and West Germany. A few days ago, Mr. Gromyko had a four-hour talk with Herr Genscher, the West German Foreign Minister, at the United Nations.

Concorde entry into service will be delayed

By Arthur Reed
Sept 29

Concorde's airline debut will be delayed because further test flying is necessary before the aircraft is given a certificate of airworthiness.

The supersonic airliner was due to start scheduled services with British Airways and Air France at the beginning of January but the simultaneous start-up will not take place until at least the middle of February.

The demand for further flying has come from the British Civil Aviation Authority, which grants the certificate.

Two-day postal strike in Italy

Rome, Sept 29.—Postal workers began a two-day strike in Italy today, and railway services remained affected by a stoppage in more than half the country. Civil servants, firemen and textile workers were expected to go on strike for limited periods later this week as unions begin negotiating new labour contracts.

Britain tops the European unemployment league

From Our Correspondent
Brussels, Sept 29

While unemployment is beginning to fall in West Germany, Denmark, Italy and Ireland, it is still rising in other parts of the European Community, particularly in Great Britain.

This trend emerges from the latest batch of statistics on the Community's employment published in Brussels today by the European Commission. The number of wholly unemployed has risen to a record 4,272,000 compared with just under 4,500,000 a month earlier. In contrast, the number of people on short-time working has dropped significantly in all member countries from nearly 2,000,000 in the last set of figures to fewer than 1,600,000.

Great Britain has overtaken both West Germany and Italy to head the Community's unemployment league for the first time. Unadjusted figures for August showed 1,295,411 jobless in Great Britain, 1,084,400 in Italy and 1,031,122 in West Germany. France was in fourth place with a total of 797,013 fully unemployed. The seasonally adjusted August figures for Great Britain were 967,000.

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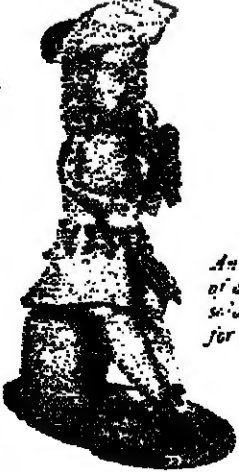


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OVERSEAS

Britain to oppose US veto on entry of two Vietnams to UN

From Peter Strafford
New York, Sept. 29

Britain announced today that it would vote once again in favour of admitting North and South Vietnam to the United Nations.

Mr Ivor Richard, the British permanent representative, also said it was deplorable that the application of South Korea had been blocked, so that the Security Council would not even consider it.

These points, made in the Security Council when the debate on the membership applications reopened, showed that the United States will be virtually alone if it goes ahead with its expressed intention of vetoing the two Vietnamese applications.

The American position, repeated in the council last Friday, was that the Vietnamese applications and the application from South Korea had to be treated equally. Mr Daniel Moynihan, the American permanent representative, said that the United States was prepared to veto the Vietnamese applications if that of South Korea continued to be blocked.

Whether this is the real reason for the American opposition to the entry of the two Vietnams is matter of some dispute. Opponents of the United States at the United Nations, and even some American newspapers, argue that the real reason is continuing hostility to the two Vietnamese regimes in the aftermath of the Vietnam war.

But the dispute does not South Korea, and the Korean question as a whole, further in the limelight. It is already due to come up in the General Assembly, where there are competing resolutions about how the United Nations should be dissolved, and the next steps to be taken.

In his speech today, Mr Richard said that Britain would be voting for the admission of the two Vietnams because it believed the United Nations should be a "truly representative world organization", in which all countries could participate and the views of all could be heard.

It was for the same reason that Britain deplored the blocking of the South Korean application. Admission and approval were not synonymous, and the organization could not survive if they were. It would then become an unrepresentative group of like-minded nations.

The Korean problem would not be solved by the admission of South Korea, neither would it be solved by its exclusion.

Meanwhile American pre-occupation with policy towards Asia in the aftermath of the Vietnam war was reflected in a four-hour meeting over dinner in New York last night between Dr Kissinger, the Secretary of State, and Mr Chiao Kuan-hua, the Chinese Foreign Minister.

Dr Kissinger told reporters afterwards that it had been a "complete and friendly talk about every aspect of our relations". One topic was the forthcoming visit to China by President Ford, about which Dr Kissinger said that everything was on schedule.

American officials said later that the visit was due to take place in late November, with Dr Kissinger going to Peking in the second half of October to make preparations.

The apparent anxiety of the conversation last night contrasted with the opposition between the Americans and the Chinese on many of the issues before the United Nations. It also contrasted, however, with the constant delays in arranging a meeting between Mr Ford and Mr Brezhnev, the Soviet leader.

Leading article, page 13

Nkomo election may mean new Rhodesia talks

Gap between the two sides seems to be narrowing

From Nicholas Ashford
Salisbury, Sept. 29

The election of Mr Joshua Nkomo as president of the African National Council (ANC), or at least of one part of that divided organization, together with the reelection of Mr Ian Smith as president of the ruling Rhodesia Front Party, should help clear the decks for a resumption of the constitutional settlement talks which broke down at the Victoria Falls just over a month ago.

Mr Nkomo, who has a reputation for greater moderation and pragmatism than his former ANC co-leaders, has stated that his objective is to achieve immediate majority rule through negotiation. Only if talks fail will there be a resumption of the armed struggle. This threat is hardly likely to scare the Rhodesians who are aware that the Nkomo faction of the ANC which largely comprises the former Zimbabwe African People's Union has virtually no military capability.

For his part, Mr Smith has aroused the anger of the right wing of his party by saying publicly that an eventual sharing of power with Africans in Rhodesia was "absolutely logical" and hinting that there might be a back Prime Minister in Rhodesia one day. The gap between the two sides appears to be narrowing.

However, nothing is ever straightforward in Rhodesia and the events of last weekend may have only served to complicate the issue.

To start with, there are now two organizations calling themselves the ANC. Each has its own president, officials and committees and each claims to represent the Rhodesian Africans.

There is no way of testing which has the greater popular backing. Although Mr Nkomo's congress was well attended it attracted virtually no support for its economic interests, political rights for peace, democracy and social progress.

As an illustration he cites the increase in the scale of "the strike struggle" in the capitalist world. According to figures compiled by his institute, whereas 273 million people struck and took part in political action in the capitalist world between 1966 and 1970, in the 1971-1975 period the corresponding figure was 315 million.

The article speaks of "the further internationalization of the class struggle and the unending process of the united action of different groups of the proletariat not only within national frameworks but on an international scale".

show greater interest in the congress called for October 19 by Dr Elton Gabelah, the ANC vice-president loyal to Bishop Abbot Muzorewa, the organization's leader in exile.

Mr Nkomo's main strength is that he has remained inside Rhodesia while Bishop Muzorewa, the Rev Ndabingi Sithole and other ANC leaders, live abroad. But this does not alter the fact that there is a substantial section of the black population inside Rhodesia who are strongly opposed to Mr Nkomo's assumption of the ANC leadership, which, they fear, could lead to a new round of bitter infighting between the rival nationalist groups.

The attitude adopted by the neighbouring black states to Mr Nkomo, particularly by President Kaunda of Zambia, will be important. Zambia and Botswana are believed to support Mr Nkomo largely on the ground that a settlement of the Rhodesian issue, which Zambia so badly needs, may be possible with him as leader of the ANC but is impossible so long as the more militant members of the former Zimbabwe African National Union (Zanu) remain in positions of power.

President Nyerere of Tanzania, on the other hand, sympathizes with the Zanu faction, which is itself divided between supporters and opponents of the former Zanu leader, Mr Sithole. However President Nyerere is expected to go along with whatever course of action President Kaunda decides to take.

President Samora Machel of Mozambique, on the other hand, may not be so cooperative. He also backs the Zanu faction, many of whom live in guerrilla camps in Mozambique, and has less cordial relations with the Zambian leader.

Even if Mr Nkomo does receive the support of Presidents Kaunda and Nyerere, there is no certainty that even he will be able to



Mr Nkomo speaking after his election as ANC leader.

reach a settlement with Mr Smith. Although his proclamation of "majority rule now" should not be taken entirely at its face value, he cannot afford to go too far away from this position without the risk of losing whatever support he now commands.

Nor is there reason to believe, as his critics claim, that he is prepared to settle with Mr Smith in return for a few concessions such as the appointment of Africans to the Cabinet. Mr Nkomo's politics

cost him a decade in detention and there is no evidence that this experience has dampened his nationalist ardour.

Mr Smith also has constraints on his freedom of manoeuvre. There is a strong body of right-wing opinion that has been severely disturbed by his recent concessionary remarks. If, as is being suggested in some circles, he is moving his own political position more towards the centre, then he is likely to encounter growing opposition from his own right wing.

Miss Hearst 'driven twice across US'

From Peter Strafford
New York, Sept. 29

A new and detailed account was published in the magazine *Rolling Stone* today, claiming to give the movements of Miss Patricia Hearst, the newspaper heiress, after her kidnapping last year. The magazine says bluntly that not only was Miss Hearst a willing convert to the Symbionese Liberation Army (SLA), but she had to persuade them to let her join.

Miss Hearst was twice driven across the United States, it goes on, by Mr Jack Sawyer, a radical, whom the Federal Bureau of Investigation has been interested in for some time. At one point, Mr Scott offered to drive her anywhere she wanted, including home to her parents, but she refused, according to *Rolling Stone*.

"I want to go where my friends are going," she is quoted as saying.

Rolling Stone is a West Coast magazine which has links with the underground movement in California. It claimed today that its account was based on conversations with people who met Miss Hearst while she was on the run. These people had "talked to Patty Hearst; they were there; they helped her", it said.

This may well be. But one cause for doubt is the fact that Mr Howard Kahn, one of the authors of the article, was dismissed by the *Detroit Free Press* two years ago after writing a column on the drug trade in Detroit which later turned out to be false.

In any case, the *Rolling Stone* article takes a further knock at the account which Miss Hearst signed and submitted to a court in San Francisco last week, according to which she was an innocent victim of the SLA. Like Miss Hearst's affidavit, it describes her as having been held in a cupboard after her kidnapping.

But after that, according to

the magazine, she asked to join the group, and most members were opposed. She was only accepted because of the support of Donald DeFreeze, the leader, who described himself as "General Field-Marshal Cinque", and later died in a gun battle with police in Los Angeles.

Rolling Stone reports that Miss Hearst's conversion was as much emotional as political. "She had felt isolated emotionally and she was disappointed in her parents and in Steven Weed, her fiancé, and their response to the SLA demands."

"I felt my parents were debating how much I was worth," she is quoted as saying, "like they figured I was worth \$2m but I wasn't worth \$2m. When her mother refused an SLA demand that she should resign as a regent of the University of California, 'I felt like I could kill her when she did that. My mother didn't care whether the SLA shot me or not.'"

Miss Hearst had taken part in the SLA's "political study" sessions after being released from the cupboard, according to *Rolling Stone*. It said she later took part willingly in the bank robbery in San Francisco in April, 1975, in connection with which she faced federal charges.

The article described the sun-fighter in Los Angeles in May, 1974, in which most known members of the SLA died, and says that it was partly because of Miss Hearst and two companions that the police found the group there. Earlier, Miss Hearst is said to have opened fire on a store in Los Angeles when one of her companions was nearly arrested for shoplifting.

That Miss Hearst was deeper into hiding, she met Mr Scott, who wanted to write a book about the SLA, and he drove her across the United States in the East Coast, near the end of her life. Miss Hearst and other SLA members spent much of the summer of 1974 in a rented farmhouse in Pennsylvania and Mr Scott later drove her back to California.

Israel Opposition's warning on Americans in Sinai

From Moshe Brillman
Tel Aviv, Sept. 29

The Israel Opposition urged the Government today to bow to a wave of public protest in the United States and say that Israel no longer insists on stationing American technicians in surveillance stations between the new Egyptian and Israel lines in Sinai.

Mr Peres, the Defence Minister, spoke against the motion for an extraordinary session of the Knesset in Jerusalem and the House voted by 44 to 33 not to discuss it.

The Israelis have postponed signing the protocol that will put the interim agreement with Egypt into force until Congress approves the stationing of the Americans. This was in accordance with a prior agreement with Dr Kissinger, the American Secretary of State, and with the consent of the Egyptians.

Mr Shmuel Tamir, of the Likud Party, said Congress, which is to discuss the issue next week, no doubt will give it a majority but many congressmen will do so reluctantly, as not to torpedo the interim agreement. The American public, as distinct from the Administration, had misconstrued Israel's intentions. "It reminds

them of Vietnam," he said, "that's how it started."

He said the Israelis were not even benefiting from the arrangement because the Americans would be stationed in the Egyptian desert, not in the Sinai. Mr Peres confirmed that the Americans were not being stationed there to defend Israel, but he said they were nevertheless advantageous.

He claimed that the American presence was the only way to have obtained Egyptian approval to Israel's remaining at the Um Hashiba early warning station, which is to become part of the United Nations buffer zone after the Israel withdrawal.

Moreover, he argued, it was better for Israel to have Americans between the lines than the presence of the United Nations. The continued American presence would not be affected if an extension of the mandate of the United Nations emergency force in Sinai was vetoed in the Security Council.

Mr Tamir said that if the Egyptians insisted on the American presence, or if the Americans themselves felt it to be in their interest, it would be a different matter. But he insisted that Israel should avoid bearing the odium.

1,000 Jehovah's Witnesses in Malawi exodus

From Our Correspondent
Lusaka, Sept. 29

More than 1,000 Malawian Watchtower sect members (Jehovah's Witnesses), who are opposed to becoming card-carrying members of the Malawi Congress Party, have fled into Mozambique and are camped at Sinda Misale, in the Chipata district.

The Zambian Government, in conjunction with the United Nations High Commissioner for Refugees, is looking into the possibility of moving them from the camp because of a shortage of water.

Malawi is a one-party state

Marriage ban on writer lifted

Moscow, Sept. 29.—Alexander Sokolov, a Soviet writer who, with his Austrian fiancée, staged a joint hunger strike over the authorities' refusal to allow her to come to Moscow to marry him, has now been given permission to wed her in Austria, sources said here.

Marlene Dietrich falls on stage

Sydney, Sept. 29.—Marlene Dietrich, aged 70, fell heavily on a Sydney theatre stage tonight, forcing cancellation of her show. Two years ago Miss Dietrich broke a hip in a fall on stage.—Reuters.

Halt to propaganda war in Lebanon

From Paul Martin
Beirut, Sept. 29

The 20 leaders of the reconciliation committee set up to resolve Lebanon's internal strife today took their first steps to defuse the situation. As they met, Beirut showed more signs of recovery from the chaos and anarchy of the past few weeks, although banks, businesses and most shops remained closed.

After a three-hour meeting the committee announced that both the Phalangists, who had been broadcasting on the clandestine Voice of Lebanon, and left-wing Muslims, who had opened their own radio station, would cease transmission tonight. This, and a pledge by both sides to scale down the propaganda war in their host of client newspapers, should help a return to normal.

There was also agreement to halt the campaign of kidnappings by both sides. In recent days this campaign had posed a constant danger to the fragile, but fitfully observed truce.

Despite this apparent progress, it is clear that the surface has merely been smoothed. For one thing, the committee could not function before the word "reconciliation" in its title had been altered to "dialogue" at the insistence of Mr Kamal Jumblatt, the socialist leader. Mr Jumblatt had declared that

while he was willing to discuss ways and means of ending the conflict by removing its root causes, he had no intention of reconciling with anyone.

Furthermore, the committee's composition, of four Maronites, four Sunni Muslims, four Greek Orthodox, two Greek Catholics, two Druze Muslims and one Armenian has not pleased all. The Shiite community has complained that two of its representatives were chosen because of their left-wing leanings and not on confessional grounds. This has led to traditional Shiite leaders like Mr Sabri Hamadeh, the former Speaker, standing in violent opposition to the committee.

However, in the interests of harmony and with "reconciliation" at heart, it is likely that the committee will be expanded to include those left out. That this is necessary was shown by the absence of Mr Kamal al-Assad, the Shiite Speaker of the House, from today's meeting to express the disappointment of his community.

Fundamental issues are also being discussed. These serve to remind all involved of the serious differences at the root of the conflict.

Mr Pierre Gemayel, the Phalangist leader, presented a memorandum outlining his party's demand for a return to the rule of law throughout the country. This reflected the

Soviet cue for Western strikers

From Edmund Stevens
Moscow, Sept. 29

A call to the workers of the world to strike while the iron is hot, literally and figuratively, has been made by Academician Timofeyev, director of the Institute of the International Labour Movement.

In an article in the weekly *New Times*, on today, he states that the time is ripe for the workers to resort "to the most effective means of class struggle for their economic interests, political rights for peace, democracy and social progress."

As an illustration he cites the increase in the scale of "the strike struggle" in the capitalist world. According to figures compiled by his institute, whereas 273 million people struck and took part in political action in the capitalist world between 1966 and 1970, in the 1971-1975 period the corresponding figure was 315 million.

The article speaks of "the further internationalization of the class struggle and the unending process of the united action of different groups of the proletariat not only within national frameworks but on an international scale".

Indonesian troops in two clashes with Fretilin

Jakarta, Sept. 29.—Indonesian troops have been involved in two clashes with the left-wing Revolutionary Front for the Independence of East Timor (Fretilin), one of the parties involved in Portuguese Timor's civil war, an Indonesian spokesman said today.

Brigadier-General Sumrahadi, the spokesman of the Defence Department, said Fretilin clashed with Indonesian troops yesterday as they patrolled the border area in a village where more than 34,000 refugees from Portuguese Timor now live. General Sumrahadi said three Fretilin members were captured. He gave no other details.

He said another three

Academician Timofeyev further notes "major shifts that occurred in recent years in the development of joint action by the forces of the left in France, Italy and Spain", attributing the fall of fascist regimes in Portugal and Spain to "the joint actions of the anti-fascist democratic movements and organizations."

"Socialism, by its successes in building a new society, had a tremendous, ever growing impact on processes within the capitalist world, on the position and struggle of the workers in capitalist countries and the world-wide revolutionary liberation movements as a whole."

But he warns his readers that these conditions by themselves do not guarantee the success of the revolutionary process. This success requires "a definite combination of objective and subjective factors, a proper political strategy, and a tactical struggle of the working class and its organizations, taking account of the peculiarity of the present stage of the general crisis of capitalism."

The present situation, the Academician says, required the "establishment of the broadest

democratic front of workers directed against the power of the monopolies". This has led to "a very fierce ideological political struggle between the Marxist-Leninist vanguard of the working class and the present-day opportunists".

On one point Academician Timofeyev is quite emphatic. "The lessons of the struggle between progressive and counter-revolutionary forces in Chile again confirm that there is no such thing as an army outside of politics."

In conclusion he recalls the revolution adopted by the fourth congress of the Russian party on the "general crisis of capitalism", noting that the present period leading up to the twenty-fifth party conference is being marked by a "further intensification of the world revolutionary process."

The institute the Academician heads is one of several think tanks of the Soviet Academy of Sciences, each specializing in one field. There is no conflict between them, merely division of academic labour.

Britons kneel for oath before President Amin

From Our Correspondent
Nairobi, Sept. 29

Six Britons who have lived in Uganda for many years were today formally granted Ugandan citizenship by President Amin. They were also enrolled as reserve members of the Ugandan armed forces after taking an oath of allegiance while kneeling before him.

Another eight Europeans, already naturalized Ugandans, were similarly sworn in as reserves. They included businessmen, accountants, a former educationist and a retired photographer.

The news was announced by Uganda radio as its leading item.

Pirates give up after Navy threat to kill all

Zamboanga City, Philippines, Sept. 29.—Muslim rebels surrendered today and released a hijacked Japanese ship and 29 hostages after Philippine Navy authorities had threatened to kill all the pirates, a military official reported.

Rear-Admiral Romulo Espaldon told a press conference in Zamboanga City, 500 miles south of Manila, that a Philippine Navy flotilla of 11 ships fired a warning shot across the bows of the hijacked *Suehiro Maru* when it tried to lift anchor and sail through the Navy cordon this morning.

"We told them we would board the ship if they did that and this meant there would be fighting and we would have killed them all," Admiral Espaldon said.

He said the rebels had wanted the ship to sail through the Navy cordon and proceed to Zamboanga City to negotiate with him personally, but the Navy flotilla which had been standing by about 100 yards from the *Suehiro Maru* closed in to a point to where they were shouting at each other. "The rebels were trapped. Had they resisted, they would have been killed."

Admiral Espaldon said about 40 rebels surrendered assorted firearms, including two light machine-guns, a rocket launcher, two grenade launchers and several rifles. The rebels seized the 3,952-ton cargo ship in Zamboanga early on Friday, ordered it to sail 40 miles out into Tun-gawan Bay, and demanded a ransom of \$133,000 (about £60,000) for the release of hostages and ship.—UPI.

Chinese ready to let 65 go to Taiwan

Peking, Sept. 29.—China has agreed to allow 65 of 144 released Kuomintang (Nationalist) prisoners to go to Taiwan, but it is uncertain whether the Taipei administration will accept them.

The New China news agency said the 65 Nationalist "agents" who have applied to be reunited with their families in Taiwan, had been gathered together in Peking.

Earlier this year Taiwan refused to admit several alleged Kuomintang generals released by Peking, claiming that they were part of a communist plot.—Reuters.

Thai coalition threatened by party squabble

By Our Correspondent
Bangkok, Sept. 29

The Thai coalition Government of Mr Kukrit Pramoj could be facing its most serious challenge after several months in office with the threatened defection of the largest of its 15 parties, Mr Dewitt Kinnaphum, the Minister of Agriculture and leader of the Social Justice Party, has served notice that unless Major-General Pramarn Adireksan, the Deputy Prime Minister, Minister of Defence, and leader of the Chart Thai Party, is removed from his Defence portfolio by Thursday, all 45 Social Justice MPs will leave the coalition.

Major-General Pramarn has returned that if he is removed he will take all 28 of his followers—the second largest block of Government votes in the National Assembly—with him.

Either action could force the resignation of the Kukrit Government, which has a parliamentary majority of 13.

It is not yet clear whether Mr Dewitt has the full support of his party, which is known to be split into factions, and on the other hand the success of his attempt to oust General Pramarn from the Defence Ministry depends. Mr Kukrit may be able to call his bluff,

in which case Mr Dewitt's leadership of the party would be called into question. The Prime Minister may also be able to talk him out of it before his ultimatum expires.

Mr Dewitt accuses General Pramarn of trying to build up a power base in the Army, the supreme commander of which, General Kris Srivara, retires tomorrow. General Pramarn recently rejected some of General Kri's recommendations on the appointment of senior officers, thus causing a confrontation which was only resolved by the personal appeal of Major-General Chao Choonharat, the Foreign Minister and member of the Chart Thai Party, who was urgently recalled by Mr Kukrit while on his way to the United Nations General Assembly in New York.

General Pramarn conceded the appointments reportedly on condition that he should remain as Minister of Defence. Claiming that General Pramarn is dragging the military back into politics, Mr Dewitt is now pressing for Mr Kukrit to take over the Defence portfolio himself and to move General Pramarn to the Ministry of the Interior.

This is almost certain to be unacceptable to the Chart Thai Party which has a strong military following.

US troops fly to Europe for Reforger exercise

From Our Own Correspondent
Washington, Sept. 29

The annual strategic airlift exercise, which takes some 10,000 "dual-based" American troops from bases in the United States to Europe for training, is under way. The exercise, known as "Reforger", is a "pre-positioned" arms in West Germany got underway at the weekend. The main body will be flown across the Atlantic between Wednesday and next Saturday.

For the first time exercise Reforger is to be adapted to the new NATO concept of a coordinated series of manoeuvres, known as Autumn Forge.

For the Americans the novelty will be that one element of their forces, the 3rd Armoured Cavalry Regiment from Fort Bliss, Texas, will be operating in the Northern Army Group, first together with British headquarters, and later with the West German task forces in field exercises. Simulated tactical nuclear warfare will be part of the exercises, as usual.

The broad objective of the exercise series, according to Pentagon officials, is to improve NATO capability for quick reaction, and to improve the standardization of the use of weapons, command systems, as well as a general flexible use of forces.

By deploying American armour outside of their normal Central Army Group in West Germany, the Americans will be testing how Reforger forces can be used in widely separated areas at once.

The main part of the Reforger force will be operating in the Central Army Group, together with Canadian, West German and already established American ground and air forces.

But, with the 3rd Armoured Cavalry Regiment will have to motor rapidly to the northern area, to the First British Corps, "Command Post" exercises will be undertaken—principally of signals and command systems.

The purpose is to demonstrate the NATO strategy of "flexible response", which is a strategy of conventional holding action and strictly tactical nuclear exchanges before moving up the ladder of escalation.

At the conclusion of the exercise towards the end of November the armour and artillery units will conduct test firings of weapons

Ethiopia's revolution could turn bloody, regime says

Addis Ababa, Sept. 29.—The Ethiopian military government has given a warning that the revolution could lead to bloodshed. The warning was an apparent attempt to head off a wave of strikes protesting against the fatal shooting last Thursday of seven Ethiopian Airlines employees.

Police said the strike, which wounded 19 others, when they tried to prevent the arrest of a militant who was banding out left-wing leaflets at Addis Ababa airport.

The leaflets, officially described as contrary to the spirit of the Ethiopian revolution, reportedly summarized the main points of the resolutions passed at a recent trade union congress. These included a call for the foundation of a proletarian revolutionary party based on Marxist-Leninist principles as well as for the creation of several other parties, to be grouped in a "democratic front".

In an obvious warning to left-wing trade unionists and intellectuals the military government yesterday broadcast a proclamation emphasizing that "the hour has come to make the measures required against troublemakers who label themselves progressives or revolutionaries."

"The Ethiopian people must remain vigilant against those individuals who have a smile on their lips and hatred in their hearts. For those who try to impede the success of the revolution, the sun is about to set."

While revolutions elsewhere have meant the sacrifice of millions of human lives, the proclamation noted that the Ethiopian revolution had not "followed that historic course" and had been carried out with a minimum of bloodshed. But it said: "Troublemakers are stopping at nothing to push it down the path of bloodshed."

"If those individuals think they can hide behind the masses, they are wrong, for they will be unmasked and subjected to the sword of our revolution."

"The activities of the troublemakers will inevitably bring about the sacrifice of many innocent people, for the revolution will not go backwards." It added that one did not "fool around" with a revolution.—Agence France Press.

Brazil declares war on the Death Squad

Rio de Janeiro, Sept. 29.—Brazilian security officials have declared war on the country's notorious "Death Squad", held responsible for the killing of nearly 3,000 alleged petty criminals over the years.

Citizens of Rio de Janeiro have even been given a special telephone number on which they can anonymously pass on information about the organization, which is believed to consist of policemen taking the law into their own hands.

"Dial 234-2010, extension 177, and tell all you know," they were told in local newspapers.

The new drive, launched by General Osvaldo Inacio Domingues, the security chief, comes after the discovery in recent weeks of an increasing number of bullet-ridden bodies bearing the hallmarks of Death Squad executions including signs of

torture, cigarette burns and marks of strangulation.

In the Rio area, where the Death Squad first appeared in 1956, more than 1,000 bodies have been found in the past 10 years.

General Domingues is reported to have vowed that the squad, copied with even more cold-blooded efficiency elsewhere, would not celebrate its twentieth birthday next year. The squad, which has branched out into various chapters with names such as "Fu Manchu",

ENTERTAINMENTS

For telephoning see article on page 1 only outside London Metropolitan Area

OPERA AND BALLET

ROYAL OPERA 540 1066
 The Marriage of Figaro, 7.30, 9.30, 11.30
 The Barber of Seville, 7.30, 9.30, 11.30
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THE ARTS

Paul Klee: the gift of visual thinking

Paul Overy

Looking at paintings by Paul Klee is an activity more like reading than looking at pictures in a gallery. This is probably why his works seem more satisfying than most artists' reproduced as colour plates in a book. And, as it is easier to read things in books than on walls, in some ways Klee's paintings can give more in reproduction than in the original. Which is no doubt why he has long been such a popular artist, particularly in this country, where we prefer reading to painting, and where he is the favourite modern artist of bookish young students—although not of art students, who usually affect to despise him.

In the Fifties, John Berger once wrote that "Klee can barely be considered an artist at all". He explained that he meant that Klee was too lacking in "conscious intention and deliberate striving". He was a passive medium, rather than an active artist. I do not know whether Berger's view of Klee has changed since; but there remains much which is true in his argument. Klee's paintings are a kind of visual thinking or visual language was something which preoccupied both Klee and Kandinsky during their years at the Bauhaus, but however abstract their language might sometimes become, their paintings remained visual. Not so with many recent artists whose preoccupations now seem exclusively linguistic and not visual. Critics and the public have for long dismissed the new with the words "It isn't art" or, more tentatively, "Is it art?" But applied to what many artists are doing today, that comment can be descriptive rather than critical—the work belongs to some other category of human endeavour, like philosophy, politics, or aesthetics.

The Tate has just put on show five paintings, lent by Klee's son Felix for two years, which supplement the gallery's own four watercolours and one late oil. These include one of his often reproduced paintings of fish in goldfish bowls, *Fish in the Circle of 1926* and *Image of Past Beauty* of two years earlier: the faded beauty pathetically trying to keep her own self-image of youth. But to describe Klee's paintings is to reduce a multitude of meanings and allusions to a crude verbal reminder.

Fischer Fine Art has a small exhibition of works by Klee from 1913 to 1940, the year of his death. The earliest picture *Alt und Jung (Old and Young)*—the satirical, irritatingly assumes that everyone reads German—is an almost hysterical expressionist gouache, reminiscent of the powerful but incompetent paintings Schoenberg produced when he was associated with Kandinsky. Marc Chagall and Klee in Munich at this time. The 1940 painting is little more than a vigorously brushed hieroglyph of a figure; several of these appear in a gleeful dance in another late picture *Gelände des Übermutes (Land of High Spirits)*. In between these Klee explores the

microstructure of fantasy and reality with an unparalleled imagination. *Alt und Jung (Old and Young)* is quite extraordinary, achieving an illusory three-dimensional effect as if the dwarf's features are peeling off the picture like shreds of newspaper.

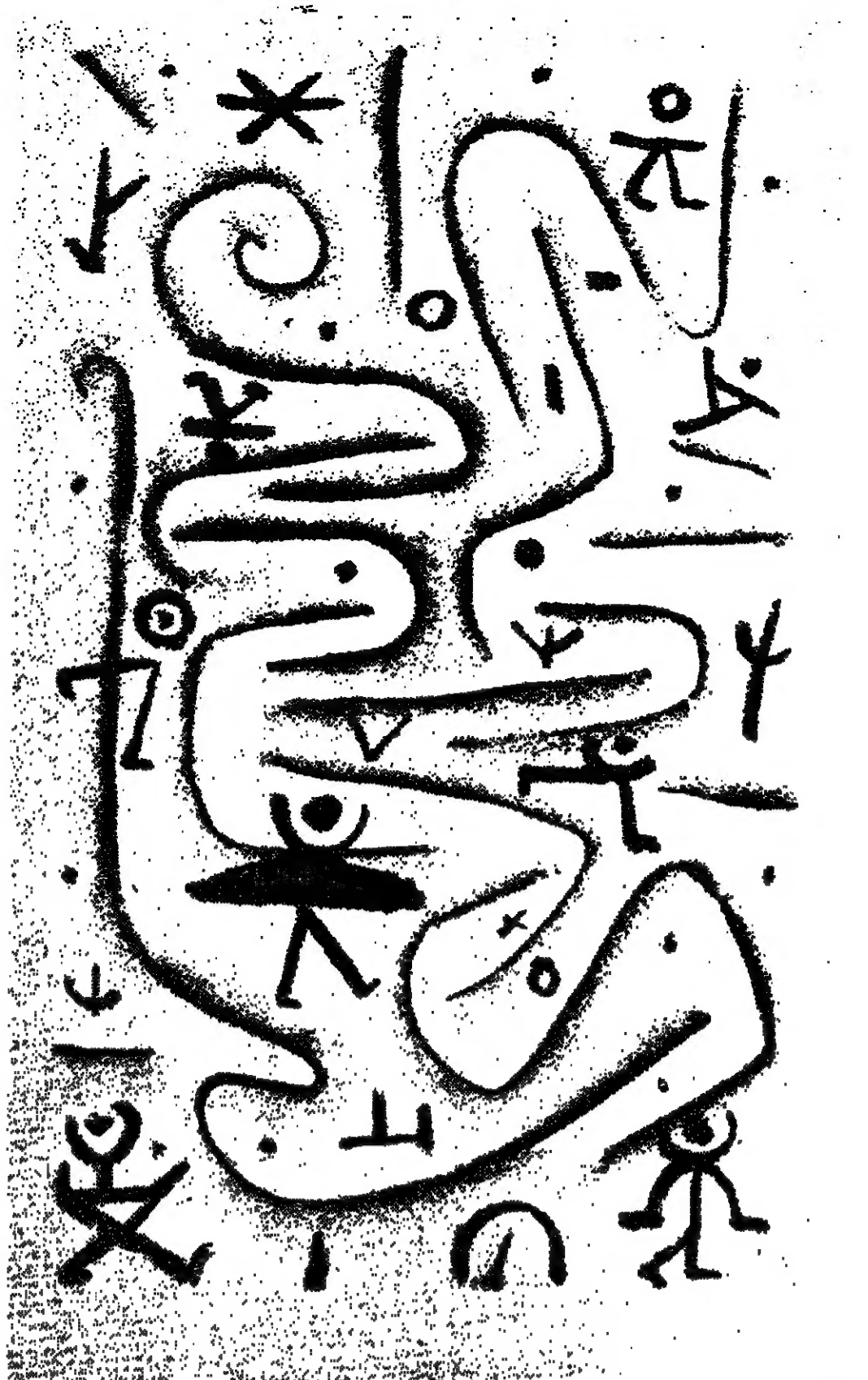
Upstairs at the Fischer are works by the German artist Julius Bissier (1893-1965). These are from the last 10 years of his life when he developed a miniature style of egg tempera on very small canvases. Bissier was influenced by Oriental art and also, one would think, by Klee. Whereas Klee is always fertile in ideas within a small compass of means yet never eclectic, Bissier's work, although sensitive and delicate, quickly becomes repetitive and empty, lacking that charge of life that Klee could generate in a few square centimetres.

Klee wrote extensively on art and aesthetic problems, which have been gathered together under the title *The Thinking Eye*. The idea that art could be a kind of visual thinking or visual language was something which preoccupied both Klee and Kandinsky during their years at the Bauhaus, but however abstract their language might sometimes become, their paintings remained visual. Not so with many recent artists whose preoccupations now seem exclusively linguistic and not visual. Critics and the public have for long dismissed the new with the words "It isn't art" or, more tentatively, "Is it art?" But applied to what many artists are doing today, that comment can be descriptive rather than critical—the work belongs to some other category of human endeavour, like philosophy, politics, or aesthetics.

The results of a system where artists are educated outside the universities can be seen in the intellectual illiteracy of the Art and Language group. The dangers that face those who have been through art schools within a university system—in this case Newcastle—can be seen in the work of Stephen Buckley, also at the Museum of Modern Art in Oxford, and Mark Lancaster, at the Rowan Gallery in London until Thursday. Both also held artist-fellowships at King's College, Cambridge, and display a clever ability to "develop" in approved ways, but with both the results are little more than a self-consciously attractive awareness of recent art history. The Oxford shows continue until October 26.

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Paul Klee: Gelände des Übermutes, 1937

Bunyan at Round House

Pilgrim, Prospect Theatre Company's rock musical based on John Bunyan's *The Pilgrim's Progress*, first seen at this year's Edinburgh Festival, is to have a four-week season at the Round House from October 15 to November 8. The leading roles are sung by Paul Jones, Paul Nicholas and Peter Straker. Before opening at the Round House *Pilgrim* will be seen in Newcastle, Liverpool and Cardiff.

Pilgrim's book and lyrics are by Jane McCulloch and the music is by Carl Davis. Toby Robertson directs, Robin Archer is the designer and the choreography is by Robert Taylor. Neil Rhodes is the musical director.

ART EXHIBITIONS
 GLE EXHIBITIONS: Marble Hill House, Richmond Road, Twickenham. Open 10.30-5.30. Admission: £1.00. Refreshments: £0.50. (Includes a tour of the house and gardens.)

ART EXHIBITIONS
 ACKERMANS: 100, Strand, London, W.C.2. Open 10.30-5.30. Admission: £1.00. Refreshments: £0.50. (Includes a tour of the house and gardens.)

Berlioz back in the Invalides

Paris. The curé of the Invalides did not weep for a quarter of an hour on the altar; he did not kiss the composer afterwards and burst into tears; and one of the choristers did not have a fit after Thursday's performance of the *Requiem* or *Grande Messe des Morts* of Berlioz, as he related himself after the first performance of the work in 1835 to the same church, at the funeral of General Darnaud, the hero of the conquest of Algeria.

On Thursday as the critic of *France Soir* notes, there were no tears, no nerves, none of the horrible grandeur which Berlioz himself described. And there were rather fewer musicians. Instead of the 400-odd mobilized on that occasion, there were a mere 300—those of the combined forces of the Philharmonic and French National Orchestras, sustained

on record. The symphony may not be one of Haydn's outright masterpieces, but even without coming to that category its harmonic and instrumental range is so frequent enough to seem almost prodigious.

The first movement's development is ingenious in the extreme: the Adagio is a concentrated statement of surpassing sensitivity with extensive solos for flute, oboe and bassoon, played here with matching eloquence by William Bennett, Peter Graeme and Martin Carr, and the Finale is a superbly humorous vein. Andrew Davis realized both the buoyant and beautiful sides of the work with equal success.

ECO/A Davis

Queen Elizabeth Hall. One season our many chamber orchestras might be persuaded to get together (and the London Orchestra's Concerts Board could perhaps do the persuading) to give us a conspectus of Haydn's symphonies (not all, I hasten to add, but two or three dozen) interspersed with Handel's concerti in a well conceived series. What a feast of music-making that would be, and how much more rewarding than the present programmes, which are often desultorily planned.

Such thoughts were provoked by the English Chamber Orchestra, in completely revived form on Sunday, playing the rarely encountered 87th symphony and the first of the Opus 2 Concerti. Neither of which is often heard except

generating considerable atmosphere, though sometimes with rather too much pedal, so that the rhythms were insufficiently sharp.

Next, to help us measure the achievements the *Pièces Espagnoles* represented. Mr. Achucarro played the *Valle Caprice*, and it is surprising that the influence of Chopin, and was played with suitably youthful vigour. This was contrasted with the composer's last keyboard piece, his *Hommage à Paul Dukas*, a sombre yet memorable tribute.

Hypnotic country singer

Charlie Rich. Drury Lane. One minute the balladeer, the next minute the outcast. Rich handles a range of mood and emotion like a Western gunfighter. Perhaps his most endearing mode is that of the Arkansas country boy who just sits at the piano and swines with those old funky, dirt under the nails, gravel in the throat, nasty blues. Absolutely incommensurable. He is disarming, alarming but very much his own man.

There is a lot about country music, in material, staging and manner, that could easily put off the sophisticated listener. Witness the film, or in this instance, the vocally adroit, but still quite unbelievable Sarah Jones, who opens the show. It is a loss of faith, until on meanders a giant-like Charlie Rich. You forgive the swagger, the image, even his hairdresser, and you let his voice carry you back to the Southern country hills. Assisted by a fabulous female trio, The Little Foxes, Rich was very much strolling his own ranch. You know there is a bit of legend about him, but still cannot help but be caught up in the magic of a large-scale challenge who makes his songs hypnotic and his listeners most willing subjects.

Charles Hargrove. The other work would be more severely missed, as in any case it appears too seldom on concert programmes—Stravinsky's complete *Pulcinella*, that something-more-than-pastiche of Pergolesi. It is a poor performance, the invention can seem a little laboured. In one as witty, pointed and vigorous as it received from Mr. Davis and the ECO, Stravinsky's contribution can be heard as a marvellous recreation of one composer's ideas in the terms of another's, with Pulcinella himself seeming to pop up in all the solo instruments while the strings, here finely unified, provide the effervescent background for his antics. Of the three vocal soloists, Jennifer Smith hurtled out for her warm, appealing tone and sensuous line.

are present, yet are treated with much greater resource and invention. Mr. Achucarro gave a quite exhilarating performance, animated and with plenty of colour, but one that did not convey this long single movement's shape and direction with enough clarity.

Bunyan at Round House

Pilgrim, Prospect Theatre Company's rock musical based on John Bunyan's *The Pilgrim's Progress*, first seen at this year's Edinburgh Festival, is to have a four-week season at the Round House from October 15 to November 8. The leading roles are sung by Paul Jones, Paul Nicholas and Peter Straker. Before opening at the Round House *Pilgrim* will be seen in Newcastle, Liverpool and Cardiff.

Pilgrim's book and lyrics are by Jane McCulloch and the music is by Carl Davis. Toby Robertson directs, Robin Archer is the designer and the choreography is by Robert Taylor. Neil Rhodes is the musical director.

ART EXHIBITIONS
 GLE EXHIBITIONS: Marble Hill House, Richmond Road, Twickenham. Open 10.30-5.30. Admission: £1.00. Refreshments: £0.50. (Includes a tour of the house and gardens.)

ART EXHIBITIONS
 ACKERMANS: 100, Strand, London, W.C.2. Open 10.30-5.30. Admission: £1.00. Refreshments: £0.50. (Includes a tour of the house and gardens.)

Some of the notices on this page are reprinted from yesterday's later editions.

The Times Special Reports

All the subject matter on all the subjects that matter.

The Times Special Reports

SPORT

Is the better man even if past best

all Allen
ing Correspondent
... match between
... and Joe Frazier
... the second for the world
... weight championship can
... quite the same appeal
... previous two if one
... as I do, that both may
... shade past their best. None
... Frazier's will to win and
... sense of the man who has
... lated him often in public.
... this bout to use the old
... cliché, a needle match.
... will be the 51st professional
... for Ali, who has been
... only by Frazier, 1971,
... by Ken Norton, both on
... Frazier, the younger man
... years, has had 34 con-
... and the only man to
... him are Ali, on points over
... and in January, 1974,
... Foreman in two rounds in
... Jamaica.

... the second contest
... these two, Frazier has
... rounds and the lackluster
... Ellis in the first round
... the last spring. Ali reached
... with his stunning victory
... Foreman, and near-deaths
... his restless showing against
... Foreman.

... Ali's marital problems
... City last week, I gave
... a 25 per cent chance of
... the tide. Now I would
... his prospects to 35 per
... the most. He is a great
... oker at his best, but he
... weight, is easily caught by a
... and may be fooled and
... by Ali if the referee
... the champion to hold and
... as he did in their last con-
... but we can be certain that
... will fight to his last

... British boxing champions
... show at the Empire Pool,
... day, this evening, raising
... the heavyweights, Bun-
... to, to the featherweight,
... a Solas, who could be the
... success of all this season.
... spread of talent has been
... necessary by the promo-
... Larry Levine, to make up
... a lack of a single hero who
... guarantee to keep the two-
... turning. Joe Bugner, de-
... in the eyes of some, is now
... for the latest "fight of
... shury" to be over, and the
... heavyweight, John Connell,
... in dispute with his manager,
... any case, waiting for a
... a hand to heal and does not
... boxing anywhere until
... ther. John Bracey, who
... weight, who will be in action



Sons of Manila. Frazier and Ali presented with keys to the city at separate ceremonies.

... this evening against Keith
... Averette, from Akron, Ohio, may
... have to wait until March next year
... for his much debated challenge to
... the world 7 lb title.

... So, instead of a "star" event,
... the Wembley patrons this evening
... can also see Johnson defend the
... British and Commonwealth heavy-
... weight titles against Richard Dunn,
... Maurice Hope put at stake his
... light-middleweight championship
... against the former champion,
... Larry Paul, and Joey Singleton
... defend the junior welterweight
... title against Alan Salter.

... What I find fascinating about
... these three British championships
... is that they are all return bouts.
... In October, 1975, Johnson, not
... then the heavyweight champion,
... fought a desperately hard final
... eliminator against Dunn and won
... by a knockout in the ninth round.
... hope became the country's top
... light-middleweight by knocking
... out Paul in November, 1974. Last
... June, Singleton seemed to have
... had the worst of a non-title bout

... with Salter but still won the points
... decision after a prolonged bout
... from the lively spectators at the
... Albert Hall.

... Johnson has boxed and won
... four world titles since he took the
... heavyweights titles from Danny
... McAlinden last January. Perhaps
... the most impressive though the
... least publicized was a 10 round
... points decision over an American
... light-heavyweight, Ray Anderson,
... in Oslo in June. Anderson once
... took the hard hitting Bob Foster
... all 15 rounds in a world title bout
... at 12 st 7 lb. It is still possible,
... says Johnson's manager, George
... Frazier, that his charge will go
... down to fight heavyweight in the
... hope of a world title contest
... against Victor Galindez, the World
... Boxing Association champion. For
... the bout against Anderson, John-
... son weighed 13 st exactly.

... Dunn, who has had 35 contests
... (won 23, lost nine) compared with
... Johnson's 49 (won 43, lost six)
... has had mixed fortune since his
... bruising encounter with Johnson.
... He beat an American, Oble Eng-

... lish, in the 10th round (Johnson
... never stopped English in the third
... then lost his next three contests
... but came back with three victories
... to restate his position as a lead-
... ing national challenger. Dunn
... will be heavier and taller but
... Johnson has more than an edge
... in boxing skill if he can avoid
... sustaining any cuts by his op-
... ponent.

... I make Hope the favourite to
... beat Paul again at light-middle-
... weight but the challenger must
... be encouraged by his last three
... victories inside the distance—two
... of them overseas. As for Single-
... ton, he will have to job and run
... much faster than before if he is
... to dominate the pugilistic
... Salter.

... The opponent for Solas is an
... American named James Martinez, who is
... supposed to have won 19 out of
... 20 professional contests. One
... would hope to see Solas con-
... sidered an eight or nine lb
... again show the premeditated
... counter-punching which marked
... his best performances at the end
... of last season.

city awakes while its gladiators sleep

... the, Sept 29.—The blare and
... died down tonight as
... named Ali and Joe Frazier
... themselves away for the
... build-up to their multi-
... dollar heavyweight title
... on Wednesday morning (3.45
... But while the 33-year-old
... and his 31-year-old chal-
... leger in their hotel suites
... miles apart, Manila Bay
... fever gripped this city as
... named and dripped under
... us of heavy clouds.

... bitter rivalry of the third
... between the two men has
... on the pent-up emotions of
... volatile Filipino population,
... has lived for three years
... President Ferdinand Mar-
... tough martial-law govern-

... ment. Filipinos have found an
... emotional outlet in the clamour
... of argument and odds-making
... about the thrilla in Manila
... publicised as the richest and
... biggest contest in boxing history.

... By the time the contestants
... wound up their training in the
... Forth Avenue, the stadium
... dominated by an Ali variety show from
... the ring when he "gunned down"
... Hugh O'Brian, television's Wyatt
... Earp, more than 100,000 people
... had paid to watch the workouts
... over the past two weeks.

... The 27,000-seat Philippine Col-
...iseum in Quezon City—the national
... sports arena—was expected to
... be jammed to capacity for the
... bout, even though it is likely to
... be carried live on television
... throughout the country.

... An estimated 770 million people

... around the world, according to
... Don King, the American promoter,
... will be watching the contest as it
... is beamed into theatres and
... stadiums by closed-circuit tele-
... vision. It will be the biggest tele-
... vision audience to see a world
... heavyweight championship.

... The bout for the richest prize in sport
... could gross about \$20m (about
... \$10m) for the promoters and the
... Philippine Government. If it goes
... 15 rounds Ali, who has guaranteed
... \$4.5m (about \$2.5m), will have
... earned \$1,666 a second for his 45
... minutes in the ring; Frazier's
... share of the guaranteed purse is
... \$2.5m (about \$1.3m).

... Frazier will enter the Coliseum
... a slight underdog. The latest odds
... quoted here were 5 to 6 Ali.
... Two weeks ago he was 3 to 1.
... Frazier, impressive in training and

... looking more relaxed than before
... his second bout with Ali in New
... York last year, declared tonight
... that he was "ready to stick it on
... Ali."

... "I've been doing some awful
... hard sacrificing", he said—an
... indication of how much he wants
... to topple Ali, whose last fight he
... included a description of Frazier
... as "the gorilla in Manila."

... The champion, who concen-
... trated on the heavy bag in his
... training, refused to acknowl-
... edge that he could be beaten by
... Frazier's cautious style. He
... said he would not be the first
... man he had been in March 1971
... when Frazier left-hooked him to
... the canvas in the 15th round of
... their first classic battle in New
... York.

highest office in Britain goes to an American

... by Ryde
... Correspondent

... second American to be
... captain of the Royal and
... Golf Club in two centuries
... fully aware of the honour
... ed on him. Joseph C. Dey, 52,
... is also bald a unique position
... game. He has been the man
... helm of amateur and pro-
... fessional golf in the United States;
... a pioned such international
... events as the Eisenhower and
... Puerto Santo trophies; and
... holds the highest office
... in golf.

... took him five minutes to
... the invitation and a great
... uger to get accustomed to
... politeness he had been paid
... days of France, Denmark,
... ly other American to be
... shoured, the post was more
... secure than it is today. Now
... jobbing as captain to his
... IS engagements in his year-
... ts as high as 45 or 50. In
... days when the work of the
... and Ancient has expanded
... covers more than 50 coun-
... at a time when several
... versal matters remain to be
... it is not a job to be lightly
... at.

... Dey was able to do an
... though retired from his
... as Commissioner of the
... tion, he is at it as if he
... he has the money to travel
... background of knowledge
... at ease anywhere in the
... world. It was his long-
... denced outlook that in driving
... into office earlier than
... he struck a compromise
... the old and the new, the
... se small British ball, but
... driver with a graphic
... stance of 230 yards, with
... formal opening drive has
... dated, may have been on
... crown side, for conditions
... pleasant at the time, but
... dices in keeping their
... showed proper respect for
... who has at his best been
... verage of a single-figure
... 2.

... he to say it was a drive
... rated for it is hard to
... thing in his life which he
... well ordered. It is clear
... means to undertake his
... conscientiously as he has
... anything else in his life.
... not be able to accept every
... that comes his way. He
... ne no bad thing, the
... of public engagements,
... he captain of the Royal
... dent is traditional, but
... to attend, were to be
... a little—but Mr Dey will

... be no absentee holder of the
... position.

... He is planning to attend the
... annual dinner of the British PGA
... in November and will be
... on for a few more days
... present at some functions at that
... functional time of year. One of
... the incentives he has received
... about that time is to the centen-
... nary dinner of the Cambridge Uni-
... versity Golf Society. Before
... that he will have made a re-
... markable first visit to South Africa,
... where he will be present at the
... Commonwealth Trophy matches,
... by they are called, between New
... Zealand, Australia, Canada, Bri-
... tain and the host country. At the
... same time he is looking for accom-
... panies in St Andrews where he
... will be able to stay for the spring
... medal and the amateur champion-
... ship next year and again in the
... autumn when the hands over.

... It is not the role of the captain
... to make policy during his year of
... office. His task is primarily rep-
... resentative in St Andrews where he
... will be able to see one of the
... sensitive and shrewd a nature to
... start throwing his weight about in
... matters concerning the direction
... of golf. That does not prevent
... him from holding strong personal
... views about the problems in the
... game. He would like to see one
... ball for the world, though he is
... not prepared in any which size.

... All he would say was that he saw
... little hope of the possibility of a
... compromise size being raised
... again.

... A more pressing matter is the
... question of the status of "This
... game of golf and I think it is
... a serious matter. I have no mag-
... ic to solve it, but it re-
... quires a great deal more hard
... thinking. No new machinery is
... needed to do this; consultation
... between the British and American
... committees is good and the rap-
... port between the two main bodies
... splendid. But we must look at the
... amateur code in terms of today;
... we are not living in 1895. If
... whether the code is tightened or
... loosened, something is going to
... have to be done. Of so well bal-
... anced a mind it is difficult to say
/>

an unharmed film

Twenty-six years ago tomorrow the Communists came to power in China. This Special Report examines the achievements of the People's Republic during this time as well as the situation there today

CHINA

Ready response to idea of an ordered and effective society

by Richard Harris

China cannot be transformed overnight from one to another, said Sir Lord Alcock, British ambassador in Peking, in a speech to the House of Commons last night. He said that the Chinese people have shown a ready response to the idea of a new society, but that the process of change is a long one.

It was one of the objectives of the British mission to China, which was set up in 1954, to study the Chinese situation and to report on it. The mission's report, which was published last year, was a landmark in the history of Sino-British relations.

The mission's findings were that the Chinese people were not only ready to accept the idea of a new society, but that they were also capable of doing so. The mission's report was a landmark in the history of Sino-British relations.

Central power is another achievement of the Government. Whatever weaknesses of control may have been shown up in the Cultural Revolution, it can be said with confidence that the reach of China's Government into every village in the country is greater than it has ever been. It is a fact that the Chinese people have shown a ready response to the idea of a new society, but that the process of change is a long one.

The Cultural Revolution attempted in far too anarchic a way to reestablish it as a barrier against the dangers of a self-guarding and exclusive bureaucracy taking shape. The sharp distinction between rulers and ruled of the old China certainly has been broken down; perhaps it is too early to say what institutional form will guarantee that change in the future.

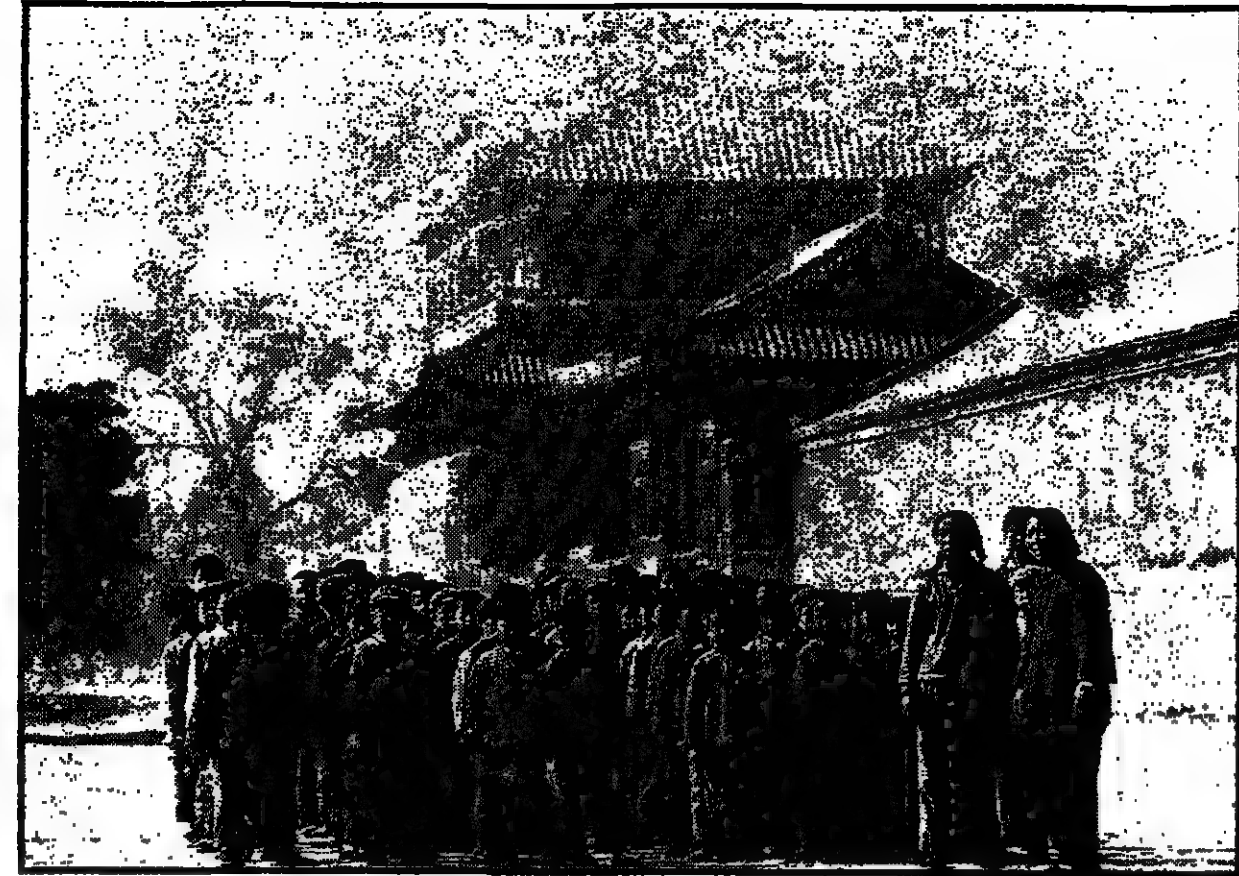
However, it must be admitted that any estimate of China today runs into the "contradictions" of Chairman Mao's rule. A traditional Chinese in many ways and one who has appealed to the Chinese masses because of that, he has at the same time struck fierce blows at some Chinese attitudes that have been smoothed by the usage of centuries.

One such blow is the doctrine of class struggle emphasized by this determined revolutionary against the ideal of harmony that are so strong in the Chinese mind. "Continuous revolution" will never have any appeal to the Chinese.

To descend from the philosophical underpinning of the revolutionary China to the questions that are insistent at a time when the Maoist era is reaching its end, it is much easier to point to the practical achievements. Health brought to the Chinese village has been a blessing. Education at the primary level has gone a long way to bring universal literacy in a country where the love of education has always been universal.

True, the levelling down has struck blows at higher education. But that can be covered in time. The education of the rulers as against the non-education of the ruled was the most obvious class distinction in the old China, certainly much more so than any visible standards of living.

After the people's thinking and after their welfare come the undoubted economic achievements. At no time since 1949 has China in fact put growth first. But China now has a modern industry, enough to be a base for future development when political impediments to growth are slackened. Common estimates of China's growth rate are 4 per cent, averaged over the past 20 years, which is much higher than many developing countries.



Schoolchildren on a visit to the once Forbidden City in Peking. A whole generation has grown up since the new China was proclaimed.

That is what the People's Republic has finally done, and done beyond dispute. That much still remains to be done before China can approach the world's advanced economies no Chinese will deny. But China's capacities have been made manifest. China's organization, its financial and trading knowledge, its intelligence in acquiring all necessary knowledge, have been brought to an equivalence with any other country—that is the achievement that has brought self-confidence with it.

For China the younger generation will be the difficulty. They have no memories of pre-1949 China and their expectations will be less restrained. The dispatch Since the early 1960s China has felt absolutely independent and self-confident, so much so that patience over Taiwan and tolerance over Hong Kong have been gestures of magnanimity rather than weakness in the minds of China's otherwise sensitive rulers.

Underpinning the attainment of independence in the territorial sense has been China's defence. It has two aspects. One is the strategic calculation made by the party's military commission and the measures taken to secure China against attack. In that sphere China's nuclear programme has been foremost. It is significant that the programme has been slowing down over the past few years compared with forecasts made in the late sixties when the earliest missiles were being developed.

Obviously the détente with the United States makes the intercontinental ballistic missile less urgent than it was, though the expense and consumption of energy in the missile programme may have been equally important as a cause for the slowing down.

Reluctant admission of backwardness The calculations that affect China's nuclear programme are not related to popular opinion or information. The function and status of the army in China and of the militia to which the younger age group in every work place, urban or rural, contributes, is on the other hand very much a reality in the public mind. It still retains the appeal that readily draws volunteers. Service in the militia as a public duty seems, to the outside observer, another aspect of national pride. Probably two-thirds of all Chinese under 50 have been through training in the use of firearms.

To any Chinese who has lived through the years since 1949 the achievement of those 26 years may best be summed up as an end to backwardness. A country that had for so long, and without questioning from any quarter, regarded itself as superior has brought by its contact with the West in the nineteenth century to a reluctant admission of its backwardness.

Shame was the driving force that united China's nationalist revolutionaries in the first decades of the twentieth century. China had to catch up. Sun Yat-sen in the late nineteenth century longed for a China where cities were joined by railways as they were in England. In the 1930s, when Shanghai as a modern western-built city, harboured Chinese who turned their backs on decay in the countryside, shame galvanized China to put an end to its own backwardness.

Debate emerges in new climate

by David Bonavia

By comparison with the previous year, 1975 has been a period of relative calm in China's internal political affairs.

The long-awaited Fourth National People's Congress was held in January and adopted a new state constitution. But the obscure alarms of the "Campaign to Criticize Lin Biao and Confucius" which kept foreign observers guessing for most of last year, have found little echo in recent months.

The problematical relationship between the Communist Party and the armed forces seems to have been sorted out more satisfactorily, with the emphasis on party control over a military apparatus which does, however, provide the ultimate sanction against political deviation.

Wall-poster campaigns have sputtered on in some provincial cities, with recurrent criticisms of local party secretaries and regional commanders. But the few posters which appeared in Peking in July were quickly suppressed.

The most serious problems evidently were in the city of Hangchow, where factional resentments left over from the Cultural Revolution spilled over in street brawling and—according to some accounts—shootings among rival militia groups. By July, however, the situation had been brought firmly under control by the army.

The problems of succession to the top leadership has been only partially resolved. Chairman Mao Tse-tung, at 81, and Mr Chou En-lai, the Prime Minister, at 77, have continued to exercise overall supervision of national affairs. Chinese officials assure visitors.

But the health of both men is clearly weak, and the day-to-day business of administering policy has fallen increasingly on the shoulders of Mr Teng Hsiao-ping, the Deputy Prime Minister, who was rehabilitated in 1973 after seven years in obscurity. Mr Teng claims that he is only carrying out

continued on page 11

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Growth without elitism shuns Moscow model

by David Bonavia

China's economy presents a picture of steady growth based on agricultural self-sufficiency (except in cotton), and close attention to light industry and basic consumer goods supply. Heavy industry is undergoing expansion and modernization, but it does not take priority over what are regarded as the more basic areas of production. The average income per head is probably still less than £100 a year, and this is especially reflected in shortages of clothing, housing and electrical goods, as well as fuel and power.

Population estimates vary widely. Earlier this year, officials were quoting a figure "in excess of 800 million". More recently it has been put at nearly 900 million. Informal foreign observers put it at about 920 million. Rigorous birth control programmes have not succeeded in preventing an annual increase of between 10 million and 15 million, so that China's population should top the 1,000 million mark easily by the 1990s.

Industrial production has approximately doubled in the past seven years. Crude steel production is put at 24 million tons, probably rising to some 27 million tons by the end of this year, though recent directives from the party have indicated difficulties in meeting steel output plans. Coal is estimated at 300 million tons; electric power about 115,000 million kilowatt hours; crude oil, 70 million to 80 million tons; cement, 33 million tons; cotton cloth, nearly 8,000 million yards. Foreign trade this year is expected to be between £5,000m and £6,000m (more or less stagnant if inflation is allowed for), with an estimated Chinese deficit of £300m to £400m.

The grain harvest, if not seriously affected by the recent floods in central China, should be about 250 million tons, with about 2,500,000 tons of cotton. While China's grain exports and imports have roughly balanced each other out in the past, it is still a large importer of cotton, which partly accounts for the clothing shortage. Chemical fertilizers produced in China still total only about 27 million tons, and the annual imports of fertilizers of between five million and eight million tons, mainly from Japan, have become a heavy drain on foreign exchange.

Persistent reports tell of disruption of the railway network through labour disputes and, more recently, floods. This is ominous in a country which relies so heavily on railways for internal move-

ment of raw materials and capital equipment.

The interplay between politics and economics, so characteristic of modern China, has taken a new twist this year with nationwide discussions on the question of wage differentials. The so-called "eight-grade wage system", allowing for industrial wages of between £7.50 and £27 a month, has been described by Chairman Mao Tse-tung as a remnant of capitalism which at some time in the future will have to be restricted. But industrial workers and officials insist that no specific action has yet been decided on, nor can they say when it will be.

The real purpose of the campaign to examine wage differentials, and other so-called "bourgeois rights", is apparently to prevent the creeping growth of wider gaps in pay scales and privileges. The present system is regarded as being very far from true socialism, but it is the best that can be managed in present circumstances—so the argument runs. By emphasizing frequently that more levelling must take place at some stage, the authorities can at least hope to check moves in the opposite direction.

Hardly ever will anyone in China admit to foreigners that the workers want more money; but occasional, guarded reports from the provinces tell of workers being misled into making economic demands and even going on strike in support of them. The official position is that strikes—the right of which is guaranteed under the new state constitution—would be undertaken only to combat bureaucratic or revisionist trends in the management.

All this has to be taken with a pinch of salt, for the "evil wind of economism" blew loud and strong through China in the early stages of the Cultural Revolution, and there were echoes of it last year, reported and condemned in the official press. There is no reason to suppose that Chinese workers have some special aversion to the idea of earning more money.

Scattered reports tell of pressure among the younger workers for higher wages. Thus, in so far as they may accept the idea of a levelling out of wages, they would expect it to be a levelling upwards rather than downwards. This, of course, presents the spectre of inflation, which China, with its almost total administrative control of wages and prices, has so far succeeded in avoiding. So far as can be ascertained, she has not even suffered noticeably from disguised inflation (declining quality of goods at fixed prices, or price rises under the guise of product innova-

tions), which is common in the Soviet Union.

This year has seen the publication of an unusually detailed series of attacks on the economic order in the Soviet Union, evidently reflecting anxieties on the part of the Chinese leaders that similar forms of revisionism may assail their own country if the political and ideological air is not kept pure.

The fundamental Chinese objection to Soviet economic policy is that the Kremlin has "restored capitalism" by reverting to a system in which human labour and state-owned capital equipment and materials become commodities of exchange, being traded or disposed of at will by factory and kolhoz managers; and that the so-called "profit incentive" in Soviet industry has led to disruption of central planning, neglect of consumer goods, and widespread speculation and class privilege. While sometimes exaggerated, the Chinese critique of Soviet Russia usually comes pretty close to the mark.

At the same time, it must be recognized that China is not openly critical of revisionist economics in socialist countries, such as Yugoslavia, if considerations of global strategy seem more important.

China has taken on some fairly burdensome commitments in foreign aid, and these may be added to the credit to South Vietnam away from dependence on Soviet supplies in the vacuum left by the Americans, as well as helping Cambodia over its present difficulties, and doing what it can to bail North Korea out of its balance-of-payments problems. At some stage, as in Russia, the common people will grow resentful of aid programmes to Third World countries, whose diplomats in Peking live in high style for all to see.

The biggest question is whether the present set of economic priorities—agriculture as the base, grain as the key—can continue to seem rational, or whether more attention will not have to be given to industry, the "leading factor".

The earnest pursuit of regional and local self-sufficiency in food and consumer goods has certainly effected the growth of heavy industry. It remains to be seen whether China, having attained a reasonable level of security from famine and poverty, can redirect its planning towards advanced industry and technology, and the growth of a managerial and technical elite which would turn its back on the cherished egalitarian concepts of the present leadership.

Foreign trade marks time

This has been a somewhat disappointing year for China's foreign trade, both for the Chinese and for most of their foreign customers and suppliers. But in the circumstances it was not entirely surprising.

It was certain that China's trade with other countries would have to mark time and perhaps even recede in response to the depressed world economic climate. In the event the possible year-end total of nearly £6,000m may be seen as a reasonable achievement, even allowing for marked-up prices in both directions.

The new buyers' market for Chinese products has also had the healthy effect of making the export corporations more sensitive to the demands of market research, attractive packaging, clear labelling, and competitive standards of quality. Specialized product fairs have been held in several cities, thus slightly decentralizing the twice-annual marathon of Canton.

On the other side of the coin, misjudged attempts to sell China things which clearly does not want have been discouraged by the depressed climate and the shortage of spare funds for promotion.

There are signs that the import of large industrial plants may revive again shortly as the priorities of the next five-year plan (1976-80) become clearer and Peking overcomes some of its prejudices against foreign participation in such sensitive developing sectors as oil extraction.

As before Japan remains far and away China's most important trading partner, exporting more than £500m worth of goods in the first six months of 1975 compared with some £350m in the same period of 1974. By no means all of this rise can be accounted for by inflation. Chinese exports to Japan were in the region of £300m in the first half of the year compared with about £280m in the same period last year. So the Japanese surplus has jumped by a startling £130m for the half-year alone.

The biggest rise in Japan's exports to China, by value, has been in chemical fertilizers, particularly urea, which have leapt from £40m in January-June 1974, to £90m this year. But this is largely accounted for by the price rise caused by the tight world supply of fertilizer. China has economized on

Japanese iron and steel, its imports dropping from about £145m to about £130m—perhaps one reason why the Chinese Communist Party has launched a nationwide drive to economize in iron and steel products and retrieve waste more effectively.

Chinese imports of Japanese machinery and equipment have also soared to judge by the customs returns—from £90m to £180m—but much of this reflects deals made two years or so ago, which are now just reaching the delivery stage.

Japan for its part has cut back on imports of Chinese foodstuffs, textiles and chemicals, reflecting the generally depressed state of the Japanese domestic market. But oil continues to show steady growth, despite difficulties in transport and refining. This year a total of nearly eight million tons of Chinese oil is expected to reach Japan, almost doubling last year's figure. Recovery in other areas of the Japanese market is expected for 1976.

Although certain new products, such as coal for power-generating plants, are being experimented with by Japanese importers, the Chinese are complaining that the Japanese surplus is too large.

The most dramatic change in China's foreign trade this year has been the sudden fall-off in imports from the United States. American trading circles are projecting little more than £110m worth of exports to China this year compared with the astonishing £380m chalked up in 1974, mainly through grain sales. There is so far no indication that China will go shopping for wheat in the United States this year, although it might take some maize if its autumn harvest is badly hit by the recent floods.

China has already imported about as much cotton as it is expected to be able to absorb from the United States this year, and the only other big item which may inflate its trading account is petroleum equipment. The United States expects to buy only about £70m worth of Chinese goods this year, a mixed bag of light industrial goods, handicrafts and agricultural by-products.

British exports to China in the first half of 1975 were £40m, imports from China at £25m, compared with British exports of £25m and imports of £35m in the same period of last year.

Canada, uncertain whether China will want substantially more grain this year, has sold £53m worth of exports, mostly grain, in the first four months of 1975, an estimate of £200m in the whole of last year, which was the first of the present three-year grain contract. So far 1,100,000 tons of grain have been negotiated for 1975.

With the likelihood of only about one million tons of grain imports from Australia this year, China's imports of wheat seem to be lower than at any time in recent years.

Whether this represents a change of policy, shortage of cash, good harvest prospects or a combination of all three, is a matter for speculation. Trade with the Communist countries continues to be largely balanced out on a barter basis. The Russians increased their two-way trade last year by about 10 per cent to 213m roubles, with aircraft and spare parts accounting for much of their exports. Poland did about £40m worth of trade with China in 1974 (accounted in Swiss francs).

Data from other countries so far this year are spotty. The West Germans, who were holding a large industrial technology exhibition in Peking in September, sold China more than £50m worth of goods in the first three months of 1975, compared with £33m in the same period last year. They topped £22m worth of exports to China in January to March, 1974.

China's likely foreign trade this year is estimated at about £5,500m with a Chinese overall deficit approaching £400m, slightly down on last year's deficit. But such prognostications are only a rough guide because of the difficulty of putting figures together from dozens of different sets of customs returns (China publishes no trade figures).

Dissonant political voices in China, which last year called for less reliance on foreign technology, have been silenced for the time being, perhaps because these have become known to foreign plant dealers. But as the oil industry continues to expand and the country's industrial communications system is not really capable of absorbing the entire production, the temptation to use savings from oil to recommence importing industrial plants on a big scale will probably silence the critics.

Debate emerges in new climate

continued from page 1

areas the proletariat is enjoined to exercise dictatorship over the bourgeoisie—which in practice means a policy of frugality, communalism, and emphasis on politics as the leading factor.

Certain political freedoms are in theory guaranteed: "speaking out freely, airing views fully, holding great debates and writing big character posters". But this has not prevented local civilian and military authorities from tearing down or pasting over posters to which they object.

The armed forces are constitutionally assigned a role in labour and production as well as defence. The chairman of the central committee of the Communist Party (at present Mao Tse-tung) is the commander-in-chief.

The National People's Congress is confirmed as the highest organ of state power (but "under the leadership" of the party). It is supposed to be elected for five years, though the third NPC was convened a full 10 years before the fourth, and its regular annual sessions have been postponed if necessary. It remains to be seen whether they will take place.

The congress passes legislation and makes appointments as proposed by the party. Revolutionary committees are designated as the organs of government at local levels: they are managerial and administrative bodies which comprise representatives of the workers as well as officials.

The courts are responsible to the organs of government, and the procuratorial organs are controlled by the organs of public security (police). There is, in other words, no separation between the law and the government, nor is it pretended that there is.

"Consultation" of the masses, especially in counter-revolutionary criminal cases, is enjoined. Public execution is not infrequent.

To support the party is a "fundamental duty" of all citizens. But they are to have the right to complain about any official, and "no one shall attempt to hinder or obstruct the making of such complaints, or retaliate" a provision which is widely ignored in practice.

The state is named as protector of the "just rights and interests" of overseas Chinese; but the government has encouraged them to take the nationality of their country of residence, and cease to be dependent on Peking to champion their interests.

The guarantee of freedom of religion is notional, since a person practising religion would in most cases be brought under intense social pressure to desist.



Under the new constitution, a democratic state (in the Western sense) has been abandoned, and the term "dictatorship" is used in a favourable sense.

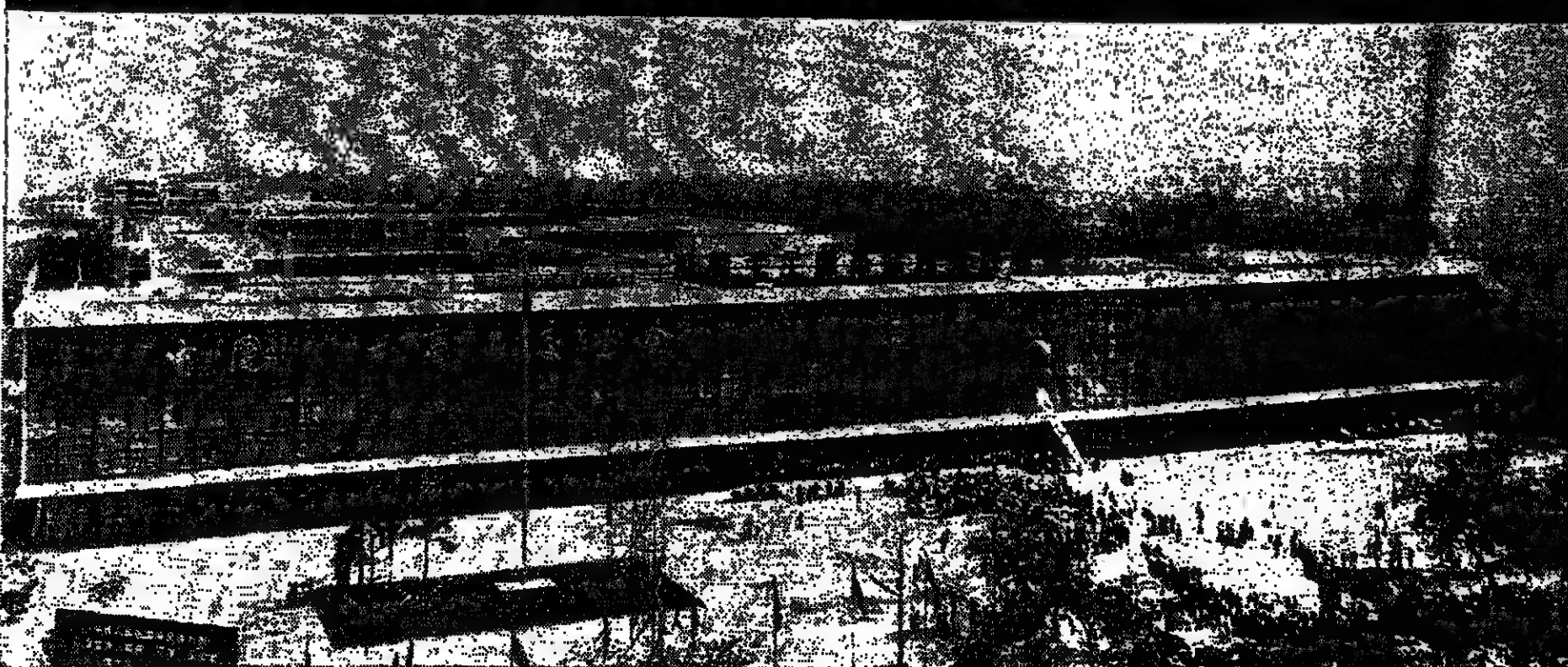
The confirmation of strikes and wall posters as forms of public protest is in line with the actual situation. The constitution, allegedly at the specific behest of Mao Tse-tung, guarantees the right to strike, though it is not admitted to foreigners that the workers would ever want to strike for higher wages.

Beneath the national understanding which the

party aims at in general policy, there is a good deal of dissension and debate at different levels in China, and social discipline is more precariously maintained than many people imagine. But while proclaiming in principle that debate and contention are desirable, the authorities dislike letting the details become known to outsiders, and efforts are made to present a picture of total unity and conformity for the benefit of foreign visitors.

The new constitution does nothing to solve this contradiction.

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Patience pays in the four corners of power

by Richard Harris

Mao Tse-tung reject advice to make the 1935 long march adjacent to the sea republics of the Yunnan, and instead, in north-west China, in an area not easily accessible from Soviet territory, he wanted to close an influence quarter.

was never any real reason China and the world, much less any reason for agreement or agreement on mutual ideological grounds.

er, to balance the relations with the world in the event of a communist government in China, it was Mao's intention to establish good relations with the United States. Their decision to bring that about in 1944 and 1946 are quickly documented in the memoirs of American officials involved at the time.

When the Americans set on a closed-door policy towards the new China, it was Mao's intention to establish good relations with the United States. Their decision to bring that about in 1944 and 1946 are quickly documented in the memoirs of American officials involved at the time.

concerns of the new China. In 1975, as in the 1940s, the Soviet Union and the United States remain the powers of closest concern to Chinese foreign policy.

At the heart of the choice lies the question of security that most concerns China, as it does any other country. China's nuclear programme began after the first rift with the Soviet Union in the Taiwan Strait crisis of 1958.

China's first nuclear explosion took place, ironically, on the same day as Mr. Khrushchev's overthrow in Moscow. The noticeable slowing of China's nuclear progress (having attained "Moscow" levels) came after 1972 when the détente with the United States had lessened the urgency of having intercontinental ballistic missiles.

Given that setting of the big powers of most concern to China, it is possible to trace the record of Chinese foreign policy from its early, superficial emphasis on ideology to its present much greater direct concern with power.

Undoubtedly, in the early years, China, conserved a strong suspicion of western powers who had been active in the 1940s in the "unequal treaties". Britain's recognition in January 1950 bore the brunt of that with a demand for a "negotiating mission" before diplomatic relations could be established.

that China's concern to have international contacts was restrained in the 1950s, even if most of the blame for China's isolation must be put on the American policy of containment. China's exclusion from the United Nations naturally led the Chinese to look for friends and to harness power among the nationalist or revolutionary movements of Asia, Africa and Latin America.

At that time the idea of an international communist movement was still strong. As the Sino-Soviet dispute developed in the 1960s, competition began within the communist world for the allegiance of communist parties.

That strife was further inflamed by publicity for Mao's revolutionary doctrine and his guerrilla methods of winning power were presented as a model to the Third World. Peking, as the world's revolutionaries where guerrillas were trained and political intriguery preached, seemed to justify American policy even after the death in 1959 of Mr. John Foster Dulles.

The prudent Chinese policy of the 1940s had never been rejected. At the Geneva conference of 1954 China had been sensibly compromising. Given China's nationalist concern over the restoration of its territory, China had been equally ready to reach agreement with the Ameri-

cans in the ambassadorial talks initiated in Warsaw.

It was the Vietnam war that precipitated the change towards the present Chinese position. After an anxious period in 1965, when they thought they might be drawn into that war as they had been in Korea in 1950, the Chinese saw in President Johnson's speech in March 1968 an acknowledgment of American failure.

At last the chance of détente seemed to be opening for China. But that year also saw the final shift of the Sino-Soviet dispute away from ideological priorities to a direct military confrontation.

The Russian intervention in Czechoslovakia posed a threat to China. Incidents on the strongly armed border in 1968 flared up seriously in 1969 and war was narrowly avoided. Meanwhile, a new theoretical analysis of the world, resting on the universal desire for national independence, took shape in Mao Tse-tung's mind.

Far from bothering any more about which East European country might show itself more or less revisionist in terms of communist doctrine, the Chinese saw Mr. Dubcek's overthrow as the negation of national sovereignty—the very root of their own modern revolution. The national freedom of the Third World countries was

similarly at risk from one or other of the super powers.

Moreover, Europe's co-operative organization in the European Economic Community could best be interpreted as a coming together against the threat of both super powers, either the extension of Soviet domination into Western Europe or the American economic domination.

This was the framework within which the Chinese-American détente had its place. But that détente was followed also by a change in American policy towards China severely testing. So in 1972 Mr. Tanaka, the Prime Minister at that time, at last made his way to Peking to establish diplomatic relations.

Japan, it must be admitted, is a special case in China's thinking, not to be classed with the Third World, Western Europe or the United States. Japan is the one big power in the traditional Chinese world and neither country finds it easy to adjust to the other.

But, with the fading of the Vietnam war by 1973, a "quadrilateral" of power, of which they were one of the four corners, increasingly concerned China (the others being the United States, Japan and the Soviet Union). Any move by one necessarily affected the others. In that context the Chinese

remain patient with the lack of progress in their détente with the United States, in particular over Taiwan. Clearly, they recognize their equal relations with the Americans as paramount.

With Japan, the Chinese have been busy negotiating a treaty of friendship but they are insisting on the inclusion of a clause opposing hegemony which is taken to mark opposition to the Soviet Union. That insistence confirms the Chinese conclusion that expansionism in various forms is a threat from Soviet power whereas American power is withdrawing from its commitment of the past 20 years in Asia.

It is plain to the Chinese that in the "quadrilateral" they are the sole power preaching outright hostility to the Soviet Union; peaceful coexistence is the guiding line for American and Japanese relations with the Soviet Union. Hence China's interest in the EEC as the other big power—in so far as it can be persuaded to follow common foreign policies—which could be directly threatened by Soviet power.

China's present friendship with Britain rests on that calculation. In the recent past Britain has seemed to China the most reliable of the Western European powers in resisting any encroachment by the Soviet Union. But that resistance can only be effective within the EEC.



A worker in a textile mill at Hangchow cycles home after work.

Aid to self-reliance for Third World countries is the aim

by P. A. Timberlake

is worsening plight underdeveloped country much in the news, the aid of China is complete without it of its role in development in the world.

nothing development rather than simply aid, is a more description of position than of any country's. For China part of the Third World problems on its aid and gradually trans- the very conditions a given rise to world action between rich r.

country may pursue a development under a socialist system employ develop- which can be and adapted to. The best known of this is the

principle of self-reliance. Elected officials and civil servants and specialists may assist development or impede it, but they cannot create it. Nor can outside investors or aid-givers. Development is something brought about by a whole population working at every level and through many channels.

In China's view a country cannot develop in the true sense except by its own efforts. A strategy based on self-reliance accepts development aid from outside as a subsidiary prop to the economy, but never as its main support.

China, the first developing country to become an aid donor, gives aid on these terms. The greater part of its aid is directed to enabling countries who receive it to become self-reliant, quickly in a particular industry, for example turning raw cotton into fabric and clothes, ani-

mal hides into leather, trees into paper, the flow of rivers into hydropower, sand and clay into building materials, and, above all, agricultural potential into marketable foodstuffs.

There is no self-reliance if the installation set up with the aid has to continue under the supervision of the donor country, or becomes dependent on the donor country for servicing or spares or replacements, even for extensions. Nor is it acceptable to have part of the production earmarked for the donor country, at any rate until domestic demand has been met and an attempt made to break into the international market. China rejects entirely this production loan formula, common in other donor schemes, denying that it ranks as aid at all.

About 1956, as China began to pay off the early Soviet credits and interest

charges, the country started extending the range of its own aid to developing countries. North Korea had been the first, but within a few years was followed by Nepal, Cambodia, Burma, Mongolia, Indonesia, Egypt, Algeria and two countries which have since featured large in the picture of Chinese aid: Sri Lanka (then Ceylon) and Pakistan.

It was in Ceylon that China first assisted in laying the basis of a textile industry, providing loans and equipment for several large mills (at Puguoda and Minneriya) and 50 small ones scattered over the country.

Pakistan, perhaps the third largest recipient of Chinese aid, after North Vietnam and Tanzania, is interesting in another way. It has many fine factories to bear witness to the \$450m of aid spread over the past 10 years—pig-iron works,

power stations, sugar mills, paper mills, fertilizer plants—but was very tardy in embracing Chinese aid for development projects in East Pakistan, now Bangladesh.

There was no lack of willingness on the Chinese side. In the months preceding the armed conflict which resulted in the breaking away of East Pakistan, China had offered aid for no fewer than 10 projects there, including small fertilizer plants run on gas, many tube wells in the northern districts, new railway lines and ancillary development, bridges, limestone and cement works, a textile mill and a power supply system for the East Pakistan irrigation scheme.

From the mid-1960s, the bias of Chinese aid was generally towards feasibility surveys such as water, cash crop cultivation, paddy rice,

the development of small-scale industry based on local materials and use of by-products and the extension of communications, power supply and medical services. Geographically the focus of Chinese aid moved to Africa and the least developed parts of the Middle East. More than 30 of the 60 countries receiving economic aid from China are in Africa.

Apart from the few big projects undertaken to meet specially pressing needs—for example the 1,000 million kWh Mao Tse-tung hydroelectric installation at Vau I Dajes in Albania and the Tanzam railway—China's development aid schemes are usually designed to be completed in a comparatively short period so that they become revenue-raising and allow the investment to be liquidated.

This is true of the most numerous category, light

industrial, particularly textile factories, enabling a developing country to make the transition from an agricultural to an industrial-agricultural economy. A second prominent category, the 40 medical teams of 20 to 50 doctors and nurses tending out-patients and setting up hospitals in more than a dozen countries, is a dramatic illustration of one of the most conspicuous differences between Chinese aid and that of other countries.

A condition of Chinese aid is that both specialists and other workers who do a tour of duty in a foreign country are paid according to the standards in force in that country. As the standard of living in most developing countries is low, this reduces costs considerably. Fully half the expense of an aid project is normally due to wages and salaries, under which head the Chinese would take less

than half as much as others. In the case of medical services it has been calculated that the overall cost of a scheme may be reduced to about a quarter when it is being provided by the Chinese.

China insists on extremely exacting principles of economic aid, which means it must face heavy burdens and shortcomings. Although cost in a more modest mould than aid aimed at controlling whole patterns of development, Chinese aid remains influential and also quite large.

When it moved into the lead in 1970 among the aid programmes of what the OECD calls the communist countries, there was quick recognition of China's new weight in this area. A study prepared in the American State Department referred to China as "the donor that

made the difference" at a moment when the countries in receipt of Soviet aid faced the prospect of a reversal of the flow, with repayment obligations mounting to higher figures than new aid deliveries.

Chinese aid is interest-free. It is aid in a new sense, in that repayment is indefinitely deferred until it does not impede the development of the recipient countries. Of a total of nearly \$4,000m more than half had been used by the recipients up to the end of 1973.

This is one measure of the Chinese contribution to the development of those countries still in the position from which China itself so recently emerged.

The author is editor, China Trade & Economic Newsletter.

'There are no straight roads in the world; we must be prepared to follow a road which twists and turns....'

—Chairman Mao Tse-tung

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Offshore oil potential 'most promising'

by Roland Berger



China concentrates on developing its large oil reserves at the Tachang field.

China's petroleum industry goes from success to success. Output of crude for the first half of this year was 24 per cent up on the same period of 1974, with refined showing a 14 per cent rise. These results indicate a faster rate of growth compared with 1974 when the industry put on a healthy 20 per cent of crude production over the previous year.

Although Tachang remains the exemplar for the whole of Chinese industry, especially for the petroleum sector, and has provided most of the technology and many of the technical workers for other oil fields it could well be that we shall see some of the new fields such as Ta-kang (south of Tientsin) and Shengli (Shantung) approaching Tachang's level of production by 1980. Ta-kang, for example, according to Chinese reports, increased its output by an average of 68 per cent a year from 1967 to 1973, and had completed its 1974 target by mid-September of that year.

This field is said to be superior to both Tachang and Shengli in the size of its deposits, its area, the depth of its oil pools and the quality of oil. Shengli, by sinking new wells and increasing output from existing wells, raised its production by 42 per cent in the first six months of 1975 compared with the first half of 1974.

New wells opened up in the past year at 3,000 metres above sea level on the western section of an old oil zone at Lenghu, in the Tsaidam Basin. Tachang, may well add significantly to the national total. Production at Karamai in Sinkiang-Uighur autonomous region should reach 10 million tons by the end of this year.

China's endeavours to tap underground resources stretch far back into history. In the early Han period (202 BC-AD 9) underground brine deposits were exploited in Szechwan by sinking wells to depths of 1,000ft by means of bamboo shafts and steel bits. Possibly inspired by their forebears, but certainly learning from the ex-

perience of Tachang, the oil workers of Ta-kang have tackled highly complex drilling problems in complicated geological formations with discontinuous layers of oil-bearing rock of widely varying thicknesses and with the primary deep oil having migrated through the opening of faults into shallow reservoirs.

Most estimates of China's production of crude are obtained by extrapolating from the figure given by Mr Chou En-lai to Mr Edgar Snow of 20 million tons for 1970. Japanese newspapers reported in January 1974 that output in that year had reached 50 million tons. The report of the Sino-British Trade Council called China's Oil Industry (June, 1975) gave a figure of 64 million tons for 1974 but this included oil from coal and shale which might amount to four million tons.

Taking account of the fact that the oil-bearing areas located in the past two years are larger than those opened in previous years, that drilling has shown many of the wells in the new localities to be high-yielding, and that production capacity added in 1974 more than trebled the increase of 1965, it seems not unrealistic to assume that production of crude this year will exceed 70 million tons—about the current level of production of crude by Indonesia.

Estimates of the number of fields vary. It is likely that there are today just under 100 commercial fields. If the present rate of growth continues—which seems very possible—and without allowing for production from offshore explorations and any new areas coming on stream, it seems that American and Japanese estimates of an output of 200 million tons of crude by 1980 will prove to be near the mark.

But with drilling already started in the Gulf of Pohai and should any newly discovered areas be brought into production as speedily as were Tachang, Ta-kang and Shengli, it is more than pos-

sible that the 200 million tons could be topped by a fairly wide margin.

Speculations abound concerning China's off-shore deposits from the Gulf of Pohai to the Nan Rai Islands. What seems certain in the short term is that the explorations already started in the Gulf of Pohai should be showing significant results before too many years have passed. The waters are roughly 30 metres deep with shallow areas in the southern section of only 20 metres. A Japanese report states that the deposits are covered with a thick sedimentary stratum more than 2,000 metres deep from the Tertiary period and that, in consequence, drilling and construction of drilling stations should be comparatively easy and inexpensive.

Since 1972 the Chinese have been operating in the Pohai Gulf with a jack-up

rig built in Tachang (Liaoning) at the Hongchi Shipyard. This carries a platform of 4,000 to 5,000 tons standing on four legs each 75 metres long and 2.5 metres in diameter.

Described as a new development of China's marine geological prospecting, a floating drilling vessel for sea exploration—Kuantan (Prospector) No 1—designed and built in China, is reported to have started successful operations at the end of 1974 in deep waters in the southern part of the Yellow Sea.

Refining capacity has not kept pace with the extraordinary fast growth of output in recent years despite many technological improvements at the older refineries and the commissioning of new ones. A Chinese report in September 1974 stated that one-half of the increase

in refining capacity, a four-fold rise since 1965, had been effected through the technological transformation of old refineries.

By the end of 1973, the report said, the majority of refineries were equipped with catalytic cracking, platforming and delayed coking units and hydrofining of lubricating oil and molecular sieve separation for normal paraffin had been introduced.

Total refining capacity in 1974, according to non-Chinese sources, was of the order of 45 million tons from plants at Tachang, Fushun, Tachang, Shanghai, Nanking, Peking, Lanchow, Yumen and Karamai. A modern general petrochemical works has been built in Chih-shan County, near Shanghai, with part Chinese and part Japanese equipment. Eight of 10 plants and most of the ancillary services were said to have been completed last August.

I visited the Peking General Petro-Chemical Works 60km from the city, in 1971 when the refining capacity of 2,500,000 tons had already been exceeded. It is now more than four million tons. This is a modern refinery with an advanced centre control room. It comprises 35 production sections and apart from gasoline, benzene, higher lubricating oils and paraffin, is producing synthetic rubber, dyestuffs and plastics. 300,000-ton ethylene plant from Japan is now under construction as part of the complex.

Estimates of China's oil reserves vary widely. The Japanese estimates 5,300 million tonnes on-shore and 12,000 million tonnes off-shore, from the Gulf of Pohai alone, were thought to be influenced by some wishful thinking in view of Japan's pressing needs. However, recent American estimates come close to the Japanese figure for on-shore deposits and suggest a possible 20,000 million tons for all off-shore reserves.

In the report just published, prepared under the

auspices of the Carnegie Endowment, it is stated by the author, Selig Harrison, that after interviewing some 200 oil men and officials, he was impressed with the unanimity concerning China's offshore potential which "all ranked as the most promising of the unexplored areas of the world".

Eighty-five per cent of China's energy needs are met from coal, and from what is known of its economic policy it seems likely that the coal-led route to domestic use will change quite slowly. China, therefore, in the coming years, find it possible to offer more oil for export. The obvious destinations are Japan, North Korea, Vietnam, the Philippines, Thailand and Hongkong and possibly Australia.

Exports this year are expected to reach 11 million tonnes, of which Japan will take eight million. If the 200 million-ton output is reached by 1980, China should have no difficulty in exporting 30 million to 35 million tons, even allowing for her own rising needs as she expands her industry and agriculture under the five-year plan starting in January 1976.

Already many countries have benefited from orders associated directly or indirectly with the expansion of China's petroleum industry. Japan, in particular, has received orders for off-shore rigs, surveying equipment and dredgers as well as several major petrochemical plants. Italy and France will be supplying petrochemical plants for completion in 1977. Several contracts have been placed with United States firms for specialized oilfield equipment.

China will undoubtedly continue to rely mainly on its own efforts but with an expansion of the magnitude envisaged it will remain an important market for completed equipment and complete plants embodying advanced technology for many years ahead.

Advancing along the road from a backward past

Transport in the China of 1949 was a backward sector within a backward and distorted economy. Five provinces, including the vast and rich territory of Szechwan, had no railways at all. Provinces in the south-west, such as Kweichow and Yunnan, had almost no roads outside the large towns.

The first and logical aim was to establish communications with the capitals of each of the 20 provinces and

many more counties and communes, mostly in hilly and mountain areas. The last section of the Yunnan-Tibet highway was completed and a further 13,000km of road surfaced with asphalt and residual oil which, the Chinese state, makes for faster traffic, reduced fuel consumption and less tyre wear.

With 97 per cent of the counties in Tibet now accessible to motor road, it cannot be long before all of China's

clans

Eighty diesel locomotives, bought from France and West Germany, were delivered in 1972 when diesels were said to account for about 10 per cent of the locomotive inventory. With the capacity of the Tachang plant increased by 60 per cent in 1973, the proportion today is obviously much higher.

The first electric line of 6.5km from Panchi to Chongqing through the

ways serving 100 of its 184 counties. In Hunan the four rivers—Sang Kiang, Tu, Yuan Kiang, and Li Kiang have been brought into an integral system of 12,000km of waterway suitable for navigation. Such instances could be repeated for almost every province.

At the beginning of this year harbours along China's great east-west transport artery, the Yangtze, were handling a tonnage of freight eight times that of 1950 and

80 counties, increased loading and unloading capacity in 1974 by 16 per cent. Tientsin added three new berths for 10,000 ton vessels. Chinghuang (Hepai) in Pohai Bay, which receives 500 foreign a year, added an oil terminal with two berths for 20,000 ton tankers and has plans for additional wharves.

Its export volume increased by 46 per cent in the first quarter of 1975, over the same period of 1974. 3,000-ton cargo ship Huagang is also being expanded to take 20,000 tonnes. On July 1 a 3,000-ton passenger and cargo wharf opened at Hailuo on Hainan Island.

cent increase over the same period of 1974.

The total quayside at Kwangchow has been increased to 760 metres and additional warehouses space opened. Whampoa, from June this year, was accepting 10,000-ton vessels, and near the harbour a new pier is under construction to provide berthing for 20,000-ton cargo ships. Huagang is also being expanded to take 20,000 tonnes. On July 1 a 3,000-ton passenger and cargo wharf opened at Hailuo on Hainan Island.

The Chinese attribute the improvements in cargo handling and turnaround, as well as many of the technical changes, to the spirit and innovative ideas of the three operation areas whose attitude was epitomized in one of their sayings: "We are not waiting for the boat to sink before we start building a new one."

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UK confident of further orders for entry into jet age

by Arthur Reed



Shanghai airport staff putting on a song and dance to entertain passengers who have delayed by fog.

CAAC (Civil Aviation Administration of China), the country's civil airline, is now moving steadily into the jet era and placing less and less reliance on the outdated propeller-powered types of the Soviet aircraft industry.

The policy which became apparent in the early years of this decade of ordering jet airliners from the inventories of the western world is now producing the hardware, so that by the summer of this year there were 10 American Boeing 707s and 16 British Hawker Siddeley Tridents in the fleet.

A further 22 Tridents remained to be delivered, CAAC having ordered a total of 38 of this type. Of these, 33 are the long-range Trident 2E, and the other two a new version of the bigger Trident 3B with long-range fuel tanks. Three other Trident 1Es are in the fleet after an earlier purchase of second-hand machines from Pakistan.

The British aircraft manufacturing industry is reasonably confident that the initial order for 10 Boeing 707s and six 320Cs—also narrow-bodied—are also narrow-bodied—will be followed by further orders. Their aerospace equipment makers have been developing specifically for

them will rest on a purchase of only two.

In the wake of the aircraft contracts have followed many deals between the Chinese and aerospace subcontractors in Britain for the equipment which is essential for their economic and safe operation. The Chinese are in the market for a wide range of aerospace goods, from airborne electronics to airfield lighting, and trade that by the summer of this year there were 10 American Boeing 707s and 16 British Hawker Siddeley Tridents in the fleet.

Nothing further has been heard to date from CAAC about their avowed intention to buy three Anglo-French Concorde supersonic airliners. The deal running at 33 are the long-range Trident 2E, and the other two a new version of the bigger Trident 3B with long-range fuel tanks. Three other Trident 1Es are in the fleet after an earlier purchase of second-hand machines from Pakistan.

The Americans, having delivered the whole of the initial order for 10 Boeing 707s and six 320Cs—also narrow-bodied—are also narrow-bodied—will be followed by further orders. Their aerospace equipment makers have been developing specifically for

engine manufacturers in both the United States and Britain have been surprised and pleased at the high ratio of spare parts to airliners which have been asked for by CAAC.

The policy of the Chinese in swinging over to the products of the western aircraft factories from those of the Soviet Union, on which they relied up to the beginning of this decade (apart from an order in the early 1960s for a small fleet of British Viscounts) has never been fully explained by them.

The assumptions must be that the supply of spares for the airliners which they sold them in the 1950s and 1960s were held up by the Soviet Union when relations between the two countries became strained, and that CAAC policy then became never to rely on the products of any one industry again.

Another probable reason for the swing away from Soviet technology was dissatisfaction by the Chinese with its products, and particularly the expensive, large four-engine airliner, the Ilyushin Il 62 five of which are on the CAAC inventory.

Observers recently returned from China say that CAAC are not happy with

either the economic or safety performance of the Il 62, and that the five airliners spend most of their lives standing on the apron at Peking airport. Several of them are used for spare parts, while the rest appear to be reserved for special flights.

Tridents are being used mainly by CAAC on internal flights, while the Boeing 707s operate on the few international routes, to Russia, North Korea, North Vietnam and Burma. Nobody will say just how many people travel by CAAC each year, but it is obviously a minute proportion of the country's 800 million inhabitants, most journeys being of an essential business nature. Although there is a trend towards jets, much of the traffic continues to move in the older Soviet types of equipment, notably the Ilyushin Il 18, a turboprop similar in design to the American Lockheed Electra.

CAAC policy appears to be to concentrate on the development of the internal routes rather than those to points outside the country's borders. Where they do go outside, the policy is to work closely alongside the foreign airline on the route so that

no element of competition intrudes.

Several western airlines now have rights to fly into China, to either Peking or Shanghai. In 1973 Ethiopia started services to Peking, and at that time, Chou En-lai indicated that CAAC would be starting new routes to Africa and to Canada before long.

Most passengers on international services will be business travellers, for China seems not to be interested in developing its immense tourist potential now. This was made clear by senior officials of the Government in Peking who took the line that the country lacks the facilities to handle large numbers of visitors, and has insufficient hotel space, interpreters and ground transport.

There is not likely to be any considerable outflow of Chinese on tourist trips abroad. Services by CAAC and foreign airlines out of the country will continue to be used almost exclusively by Chinese businessmen and women on international trading missions designed to boost the Chinese economy.

The author is Aviation Correspondent The Times.

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Women's inferior status reversed

by Verity Wilson

For to China may still occasional old woman along on tortured elite of the days when she were bound in childhood. For this ce considered grace—even erotic, and al-the custom was out-fore the revolution sued to be practised especially in rural s. It was only after at it was finally stan-t.

unhappy sight epitome servitude in which women were forced. They lived in a of arranged marriages, ny and concubinage ad, no political or rights.

s only with the estab-ment of the People's that women were

able to organize themselves into a federation to safeguard and further their newly won equal rights with men in economic, political, educational, cultural and social life.

The marriage law of 1950 was an important first step in the reversal of women's inferior status. The old Chinese proverb that "noodles are not rice and women are not human beings" was no longer true. The law states that "marriage shall be based on the complete willingness of both parties"—though a certain amount of "go-between" probably still occurs in country areas—and the legal age for marriage is 20 years for a man and 18 for a girl. It is more common, and positively encour-

aged, for both partners to be in their middle or late twenties before marrying.

Divorce is now available but not common, as reconciliation is preferred. The rights of children of divorced parents are safeguarded.

By removing the emphasis from the family and making it less hierarchical the law has freed the women from domination by the men of the household. Because of the opportunities of working and studying together a new companionship has grown up between the members of the family. Edgar Snow has noted the now widespread use of the term of ren (beloved) between man and wife and it is certainly indicative of the changed status.

Although the word drudgery is now too strong to describe the life of a Chinese woman, the difficulty of combining household duties, bringing up children, and work is still largely unresolved, as many of the articles and letters in Chinese periodicals prove. It also seems that the Chinese husband is not so deft at the washing-up as are some of his western counterparts.

However, new conditions have arisen and spread such things as the availability of ready-made clothes, packaged food in the stores, piped water and electricity have all helped the housewife.

The mother can safely leave her children in nursery or kindergarten while she works, although not all other community services offered have had such a success as these. It was found, for instance, that the family prefer to eat together at home in the evening rather than in a public dining room.

That puts extra onus on the working woman, although it is interesting to note the positive role of the older generation. After retirement the grandparents very often take over child-minding and household chores.

The family planning programme is helped by the advocacy of later marriage and couples are encouraged to have no more than two children. A wide range of contraceptive devices is on sale at low prices and teams of doctors visit work places

to give advice and help to overcome the prejudice which still exists in some areas.

Abortion is available but is frowned upon as a method of contraception. Sterilisation of both male and female is also sparingly used.

The western idea of the independent career woman is alien to the Chinese woman; she is still expected to marry and create a home even if she has a profession. A girl does not leave home and set up house on her own; she will leave home only to marry, or study, or work in the countryside. In the case of the last two she will be accommodated in a house.

Literacy, technical classes and training in jobs have opened up many opportunities for women. Since 1949 they have enthusiastically entered a wide range of employment, including heavy industry and engineering as well as the professions. More ordinarily, women are employed in enterprises within the communes, cooperatives and neighbourhood factories.

Some visitors have commented on the seemingly disproportionate small number of women to men in senior government posts. However, women are much in evidence on revolutionary committees—the leadership groups representing all sectors of a factory or commune—and they are emerging as cadres in large numbers. However, apart from Chairman Mao's wife, a woman of formidable capabilities, there are no women among the principal leaders of China.

Women's liberation as understood in the west has not manifested itself in China. Chinese women, for instance, have no choice about whether they work or not; they form a vital labour force for an emerging country. None the less their outlook and status have changed immeasurably in a fairly short time.

As early as 1955 Chairman Mao wrote that "men and women must receive equal pay for equal work in production" and in most areas that has already been gained. It is no small achievement for a country that only a decade before Mao's words held women in near-slavery.

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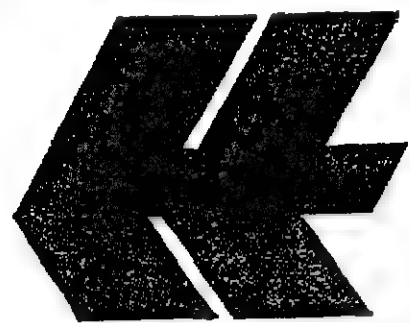
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Bare-foot doctor in the house

by Robin Stott

From the earliest days of Chinese communism in the 1930s to the Cultural Revolution in 1965 a pattern of action in health care emerged which enabled the Chinese to rid themselves of many of the scourges prevalent in their society—in particular typhoid, tuberculosis, malaria, cholera, syphilis and schistosomiasis.

This pattern may be exemplified by their approach to schistosomiasis, or "large belly disease", which undermined the health of millions in the Yangtze basin and round Canton.

First there was a pilot study. Doctors went to several affected villages and explained to the peasants the nature of schistosomiasis. The peasants were told that it was caused by a type of fluke which, before infecting humans, had to develop in a freshwater snail. Humans and animals wading in the water were prone to contract the disease. The fluke then proliferated in them, was excreted in faeces and urine, some of which were used as fertilizer, thus re-infecting the water snails.

The peasants and doctors consulted together and decided that the only way to eliminate the snails and storage of excreta for a few days; this engenders sufficient heat and gases to kill the flukes.

The snails live in holes at the water line and the filling in of the holes with mud was the key to killing them. Waterways were therefore drained, the banks dug over to bury the snails and, when necessary, new waterways dug.

After the success of the pilot study, the method was used elsewhere with local modifications. Now all treated waterways are patrolled regularly by veteran snail spotters and treatment reinstated as needed.

This drift away from principles

This approach to preventive medicine has been adapted for use against flies, cockroaches, mosquitoes, garbage, night soil disposal and the drinking of dirty water, and it is highly successful. However, it did little to correct the elitist tendency growing up among the medical professionals, who tended to stay in the cities, enjoying the good life and practicing curative medicine to the detriment of the countryside, much as their prerevolutionary counterparts had done.

This drift away from Chinese communist principles was a potent cause of the Cultural Revolution, which was heralded by a health directive issued on June 26, 1965, saying, "In health serve the rural areas". Several changes then occurred in the Cultural Revolution laid the framework for the present health care system.

The first was the development of the bare-foot doctor, who is often a woman chosen by her colleagues and given from one to three months training. After training, the bare-foot doctor returns to their particular work force and to their former work, but lead campaigns for personal and community hygiene, contraception and immunization. They also treat simple ailments.

There are now about 1,300,000 bare-foot doctors all over the country, and the innovative aspect is that through their continuing involvement in productive labour they never become remote or alienated from the community which they serve.

The second change was a renewed interest in traditional Chinese medicine, which, although always valued by the Communist Party, had nearly been swamped by western methods. Now all doctors are trained in both traditional and western medicine, and the blend of old and new has produced acupuncture anaesthesia as well as a revolutionary way of setting broken bones and a wealth of pharmacological knowledge.

The third was the creation of mobile medical teams. Hospital-based doctors travelled into the depth of the countryside teaching medical techniques and learning the true health requirements of the people.

The fourth was a change in policy in the selection



Heart-lung machine, suitable for children, is a result of cooperation between paediatricians at Hsin-hua Hospital and a Shanghai electrical instrument company.

and education of students which led to community interest rather than self-interest being a prime requirement for entry to a medical school, as well as a shortening of the medical curriculum from six to three years. The new curriculum was firmly rooted in practice and direct experience rather than book knowledge.

The fifth was the general reorganization of hospital management, emphasizing participation by all workers and encouraging regular manual labour and political discussion sessions for all.

The structure which emerged was essentially a support system for the bare-foot doctors, who are the key medical helpers. Clinics manned by these workers are each responsible for about 1,000 people and lay the groundwork of medical care.

Next up is the street or commune hospital, serving 25,000 people, staffed by both bare-foot and fully trained doctors. They are capable of dealing with simple medical and surgical problems.

Next comes the district hospital, serving a population of about 200,000 and with the same function as an English district hospital although generally less well equipped. Finally come the teaching hospitals, in which serious illnesses of all sorts can be cared with.

Treatment of burns

These hospitals have pioneered methods of sewing on severed limbs and the treatment of extensive third degree burns. Their research actively involves those who might benefit. Research workers share the same community and political involvement as every one else.

The caring and participatory nature of Chinese society exemplified in the country's health programme seems to be the reason for the low incidence of pre- and post-natal disease. Psychiatric clinics attached to most large hospitals are only a few miles from the patients being schizophrenics.

Physical treatment is carried out with herbal remedies and acupuncture rather than tranquilizers, anti-depressants and so on. More important is reintegration into the community, achieved by a high staff-patient ratio, communal readings of Mao Tse-tung's thoughts, regular visits by workmates and a simple medico-socio explanation of the patient's disease.

The whole structure has achieved a remarkable evenness of health care over the population of 800 million, of whom 700 million are peasants. More important, there are now effective channels, sensitive to the needs of ordinary people, along which health information can pass rapidly.

In my view, one of the few remaining health fac-

ards in China is smoking, which is widespread. The Chinese do not consider it harmful, but there is a groundswell of feeling that it is an unpleasant habit. When this is translated into an anti-smoking campaign we may be sure that cigarettes, like flies, will be uncommon in China.

Dr Stott, who has made a special study of medicine in China, spent a month there in 1973 looking at the health services.

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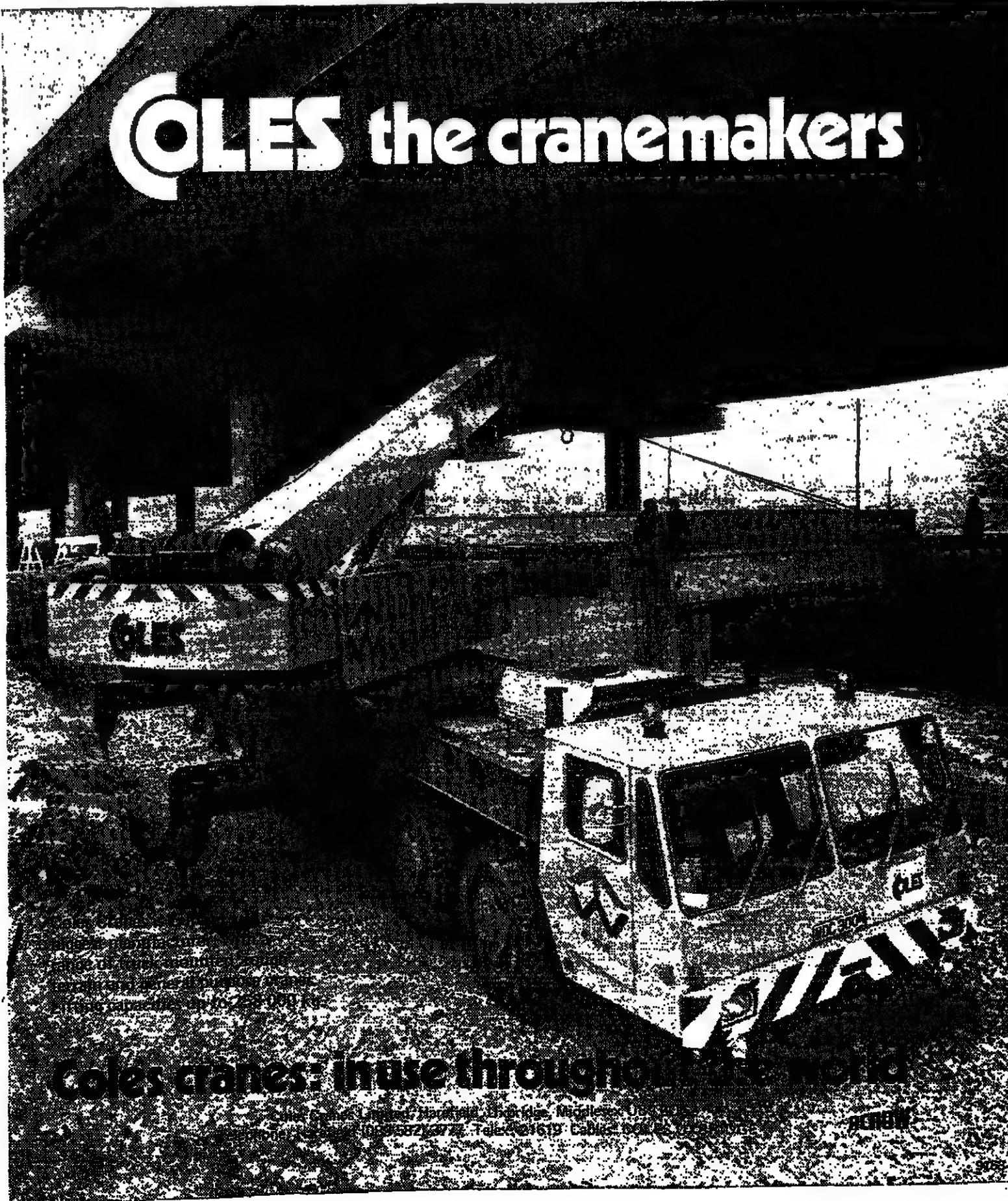
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Yunnan: panorama of a people

by Roland Berger

Yunnan, which I visited last May, affords a fascinating panorama of the passing of people of many different nationalities within a span of 25 years—from slavery, serfdom and forms of primitive communism, with some head-hunting in the remote mountain areas, into an economy with modern industry, a rapidly progressing agriculture and one of the world's most advanced forms of rural organization.

With an area of 380,000 sq km, somewhat larger than Italy or the two Germanies, the province is rich in mineral and natural resources but, because of extensive mountain areas and swift and inaccessible rivers, presents many problems for agricultural development.

Before 1949 the 21 minority nationalities, which make up a third of the population of 23 million, were treated by the Kuomintang as tribes without rights. They were squeezed into the least fertile parts of the province, many into mountain areas where they struggled to exist by "slash and burn" agriculture. Boy slaves were drafted into the tin mines at Kweichow where most of them soon became physical wrecks.

The output of these mines accounted for two thirds of the province's total exports before 1949. There was some mining of copper, a few small textile workshops and blacksmiths' type engineering repair and some handicrafts. Communications by road or rail were minimal.

The clearing up and sorting out process after 1949 obviously took longer in Yunnan than in the Han areas of the interior and it was not until 1956-57 that forms of collective agriculture were started, leading on to the formation of people's communes in 1958-59, 10 years later than in the rest of China.

From the start, the policy has been directed to creating an all-round economy, using, as far as possible, local resources and keeping a balance between industry and agriculture and between heavy and light industry.

The basis for a steel industry was laid with the construction of a small iron and steel plant in Kunming by the addition of four blast furnaces between 1958 and 1962 and a plate mill and seamless tube mill in 1973. The plant now produces 100 types of rolled steel, including sheet and medium plate as well as seamless tube. Production was reported to have risen a further 20 per cent in 1974.

Output of tin from Kweichow, one of the world's richest deposits, has risen fourfold since 1950. The Ma Lung copper mines, whose production had run down to an insignificant volume by 1949, is now one of China's major producers. Output in 1974 was no less than 300 times that of 1950. The province has one of China's largest deposits of phosphorus as well as important lead and zinc mines. Apart from the large plants and mines, 100 small iron and steel plants and non-ferrous mines and factories are operating in various parts of the province.

With substantial reserves of bituminous coal and lignite and not insignificant deposits of anthracite, coal output has been rising at an average of 12 per cent in recent years. Fifty per cent of the total comes from 2,500 small and medium mines run by people's communes and their production brigades.

From its coal production in the past six years one commune has added five million to its funds which it has applied to the purchase of farm machinery and as capital to start small local factories. Two thousand small hydroelectric stations, ranging from a few dozen to 2,000 kW capacity, provide part of local needs and supplement the two major power stations, one hydro and one thermal. A state-financed natural gas plant is under construction.

Industrialization has greatly speeded up since the Cultural Revolution. The Kunming lorry plant, commissioned in 1970, now produces four and two and a half ton trucks. A spark-plug factory has opened in Kweichow and the Kunming heavy machine tool plant, originally producing scales, rice-huskers and a few simple, belt-operated lathes with a workforce of 400, employs 4,600 and has extended production since 1970 in both volume and range. Last May I saw a variety of advanced heavy machine tools in production.

An electronics industry has been created with factories in six areas of the province, with 160 types of equipment in serial production. Output in 1974 rose 17 per cent over the previous year. A chemical industry, including fertilizers, pesticides, caustic soda, sulphuric acid and pharmaceuticals, now accounts for 10 per cent in value of total industrial output. Chemical fertilizer production is rising at more than 20 per cent annually. An across-the-board expansion—cotton and silk textiles, knitwear, sugar refining, food processing, milk powder, paper, soap, electric bulbs, cigarettes, plastics, enamelware, ceramics and glassware—has brought the province to 60 per cent self-sufficiency in the light industrial sector. Much of the consumer goods production is especially designed to meet the tastes and customs of minority peoples.

By developing simultaneously large, medium and small industrial units and using both advanced technology and simple, indigenous methods, a significant part of output is coming from county and commune-run factories, using local raw materials and labour. Thus a fifth of the 180m yuan to 3,600m yuan in 1974. Of the new industrial working class 90,000 are minority nationals.

To aid agriculture, the state has contributed 500m yuan for water conservancy alone. Part of this has been applied to supplying equipment for small local schemes. No fewer than 54,600 water-control projects, on which four million people were mobilized, were started in the winter 1974-75. This spring 28,500 were completed, adding 14,400 hectares of irrigated land and draining another 6,000.

Apart from this assistance and with the construction of major factories, the state has granted many million yuan in subsidies to assist the economic development of the minority areas which have also benefited from a lower agricultural tax and from the narrowing of the price scissors between prices of manufactured goods supplied to the peasants and those paid by the state for agricultural produce.

Agricultural output has tripled from 1949 to 1973. The area sown to wheat has been considerably enlarged. This year's crops of spring grains and rape seed were a record in yield and total output. A September report shows that the harvest of early rice is 10 per cent above 1974. The tobacco crop, 1,200,000 tons in 1972, is 30 times that of 1949 and the communes today are selling 13 times as much tea to the state as in 1950.

Regular flights replace slow boats

by David Bonavia

Tourism is not yet organized on a large scale in China. The authorities are selective about the people to whom they give entry visas, and it is generally for a more serious purpose. However, Thos Cook's do occasionally organize small group tours of China at about £70 a head.

Almost any official visit to China contains elements of tourism, however. The hosts will usually invite their visitors to view the Great Wall and the Ming Tombs near Peking. A tour of the country will probably include such beauty spots as Hangchow, Soochow or Kweichow. One may also visit sites of revolutionary-historical interest, such as Shao Shan (Chairman Mao's birthplace) or Yenan, and showpieces of socialist construction like the Tachai Production Brigade and the Red Flag Canal at Lin Biao.

Only the most favoured visitors will be offered the chance to see all these places. Nowadays, physical access to China is simple, provided one can obtain the visa. There are regular flights to Peking from Paris, Tokyo, Teheran, Addis Ababa, Zurich, Karachi, Rawalpindi, Moscow, Bucharest and Tirana. Or one can tread the familiar (and cheapest) route, across the railway bridge on the Hongkong border, proceeding to Canton by train. The six-and-a-half day journey from Moscow on the Trans-Siberian Railway is also a very economical way to travel.

Most tours are pre-arranged by the China Travel Service, though details may sometimes be changed on arrival. A visit to China is no longer the bargain it used to be: changes in the rate of exchange, and sharp rises in the prices of most services for foreigners, come on top of the high air fares involved in getting there in the first place. However, food is still reasonably priced, and there is no tipping to fritter away one's funds.

A single room at the new wing of the Peking Hotel, including food, would come to about £15 a night. In the Imperial Palace (the Forbidden City), with its extensive courtyards, moats and private chambers, and its interesting exhibitions of porcelain and scroll paintings.

Hotels are adequate, although they lack many of the services provided as routine in other countries. The main services provided are room-cleaning, laundry and dry-cleaning, post and telegraph, telephone, taxis, and the sale of postcards, souvenirs, wines and milleries. Food in most hotels is quite acceptable, if uninspired, and almost anywhere one can get European food as an alternative to Chinese cuisine. Room service is limited, but the attendants on each floor will usually bring suit, drinks, beer and hot water for tea.

China Travel Service selects the visitor's hotel, and there is usually no choice. However in Peking one might protest at being accommodated in the expensive Peking Hotel, and request a room at the older and cheaper Hain Chiao.

Visitors not travelling in a purely private capacity (to visit friends, for instance) will almost always be met at airports and railway stations, and conducted to their hotel in transport provided by CIS, with a guide/interpreter, who will remain at their disposal for the rest of the stay, making all arrangements.

Many of the former tourist attractions in Peking—temples, pagodas, museums—have been closed since the Cultural Revolution. But a visit to Peking should take in the following: a one-day excursion to the Great Wall and the Ming Tombs (one route is excavated); half a day each at the Imperial Palace, the Summer Palace and the Temple of Heaven.

Delights of the Forbidden City

One may, of course, wish to spend longer in the Imperial Palace (the Forbidden City), with its extensive courtyards, moats and private chambers, and its interesting exhibitions of porcelain and scroll paintings.

The zoo, with its pandas, is perhaps worth a visit, and in summer one may view the lotuses at the Purple Bamboo Park (an astonishing sight). A stroll round an ordinary commercial district, such as Chien Men Wal, is a fascinating insight into Chinese life. Collectors can go shopping for antiques, paintings, curios and replicas at Liu Li Chang—though the prices are not very favourable at the large new Friendship Store in the eastern district.

Not only gastronomes will want to sample Peking's famous cuisine (quite unlike most "Chinese" food one eats in Europe), beginning with the delicious, but rich and fatty Peking Duck. The guide will make a booking at one of the duck restaurants. It is also an opportunity to sample the regional cuisines of China's different provinces, as represented in Peking at the Chengdu (Szechuan), the Mia Tsu Fan Chuang and the Hung Pin Lou (Mandarin-style), the Kiang Lu (Southern), the Ching Yan (Shansi), the Tung Ho Ju (Shantung), or the Chao Chiang (Kiangsu).

One need not worry about being unable to read the menu: the staff will lay on well-balanced meals within the desired price range, from about £1 to £5 a head. (Most Westerners find the more expensive banquets overpowering.) To drink, there is beer, orangeade, mineral water, tea, Mao Tse (sorghum spirit), and Shao Hsing (wheat rice-wine). European-type wines, not of a high quality, can usually be had in the hotels.

Cave-dwellings still in use

If visas have been granted for provincial visits the main centres of attraction are the north-west (Sian, Yenan and Loyang) and also the Yangtze region (Shanghai, Hangchow, Soochow and Wuhai).

Sian has an interesting provincial museum and some well-preserved old buildings. From there one can fly to Yenan, wartime stronghold of the Communists, where cave-dwellings are still in use. At Loyang there are the famous Lung Men rock-carvings—massive Buddhist figures, many of them damaged by predatory collectors.

One should try to take the train to Wuhai, a lakeside city of bridges and canals in Kiangsu Province, and pause there for a day or two before visiting Hangchow, the Chinese Venice, with its lovely old gardens and flourishing silk industry. Hangchow, more similar in atmosphere to an oriental Geneva, is nowadays a less interesting city, but the lake, gardens and large Buddhist temple (disused) make a relaxing site for the less energetic sightseer.

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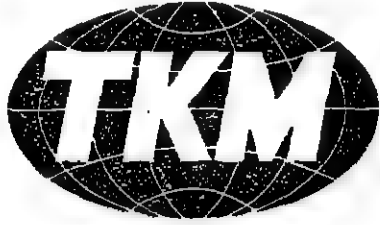


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Three paths to success in opening up new markets

by Roland Berger

China's evident interest in complex equipment and advanced technology presents manufacturers wishing to enter this market with a question of how best to secure access to technicians and users in a situation where buying and selling are centralized. Experience has shown that, with an understanding of how things work in China, the problem is by no means as difficult as it might seem at first, and that cooperation from the Chinese side, given the correct approach, will be forthcoming.

The problem rarely arose in the early days of the trade when China's imports from the West were confined to textile raw materials, chemicals and other goods. This was the period when at least two-thirds of China's foreign trade was with the Soviet Union and the countries of Eastern Europe.

When, in July 1960 the Soviet Union tore up its contracts for major equipment and complete plants, which drew its technicians and stopped supplies in mid-stream, the Chinese went ahead to complete the work themselves. The bridge over the Yangtze at Nanjing was one of nearly 100 such projects.

The effect of these events served to reinforce China's determination to rely mainly on its own efforts—by any means a policy of self-sufficiency—and to stimulate its interest in the possibilities of importing capital plant from Japan and Western Europe. (The "strategic" embargo had been drastically reduced, but not abolished in 1957.) From 1963 to 1966 50 complete plants of a total value of \$200m (about £100m) were ordered from these countries.

A number of foreign exhibitions were staged in China in this period including one specializing in mining and construction equipment organized by the 48 Group in June 1964, and a general British exhibition—mainly engineering—arranged by the Sino-British Trade Council in November of that year. Smaller-scale exhibitions were staged by the Scientific Instrument Makers' Association and ICI.

Two teams of British specialists, drawn from members of the 48 Group, visited China in the autumn of 1965. One was concerned with power handling equipment and the other with the mining machinery. Lectures were presented and on-the-spot discussions held with Chinese technicians at ports and mines.

While the Cultural Revolution stimulated rather than retarded new projects—witness the Peking Petro-Chemical Plant and the Cheng-Kunming Railway to mention but two—imports of complete plants and exchanges with other countries at the technical level were temporarily halted. In the factories new forms of organization were introduced with much more active participation of workers in management at the top as well as the shop-floor level and in technical innovation and production line improvements.

Whether these changes would necessitate some modification of complete installations imported from capital countries with radically different methods of factory organization was one of the questions Chinese friends were interested to discuss during my visits to Peking in 1968 and 1969. A reopening of the foreign trade sector was intended to discuss during my visits to Peking in 1968 and 1969. A reopening of the foreign trade sector was intended to discuss during my visits to Peking in 1968 and 1969.

and advanced technology generally was evident in discussions in China towards the end of 1970 and in November 1972, the Technical Import Corporation responded with an active buying programme.

Chinese interests were now clearly focused on product areas involving advanced technology and it became apparent that closer contact and a more effective exchange of information between Chinese technicians and their foreign counterparts was an essential prerequisite to trade in the more advanced machinery and installations. These exchanges have taken three main forms: foreign exhibitions in China, specialists' missions from China and to China, and technical lectures to specialist audiences in China.

In opening up this new phase, which coincided with their fourth five-year plan, the Chinese took the logical first step of sending abroad specialist groups to acquaint themselves with the latest in technology in Japan and Western Europe; in many cases the groups were duplicated, one visiting Japan and the other covering selected countries of Western Europe.

The product areas ranged widely. The teams visiting Britain from mid-1971 included telecommunications, oceanography, petrochemicals, electronics, coal mining, motor vehicles, marine, aerospace and business equipment. Some were associated with attendance at specialized exhibitions and scientific conferences and almost all the programmes included visits to appropriate factories.

In many cases the arrangements on the Chinese side were made by the technical

associations such as the China Mechanical Engineers' Society or one of its sections (automotive, machine tools and so forth); the China Coal Society and the Chinese Electronics Society whose members were included in the visiting groups. With British trade associations acting as hosts and closely involved in the framing of the programmes, closer relations between the technical and trade associations of the two sides were established, leading to return visits to China of groups or delegations from the Society of Motor Manufacturers and Traders, British Electrical Manufacturers' Association and the British Electronic Engineers' Association.

The participants on these visits have been gratified to find how widely the doors of Chinese factories have been opened to them and meet specialists in their own sectors. Visits to China have been arranged for the Association of Pharmaceutical Industries this October and the Association of British Mining Exporters in November.

Exhibitions started with the general and have now begun to move on to the more specialized. In 1972 Italy, France and Canada, after the establishment of diplomatic relations with China, and Denmark and Sweden staged general exhibitions in Peking. In the same year the Japanese organized three specialized exhibitions: electronic measuring instruments and construction machinery in Fuzhou, machine tools in Shanghai.

In March 1973 the British Industrial Technology Exhibition was held in Peking, the largest in both space and the number of participants of

any in China up to that time. Both sides agreed that this was a highly successful event, establishing important contacts between sellers and users and bringing still closer relations between the technicians of the two countries. In this, the trade associations—the Machine Tool Traders' Association, the Scientific Instruments Manufacturers' Association and the Society of British Aerospace Companies—played an active part.

There followed in 1973 and 1974 general industrial exhibitions of the Netherlands, Austria, Norway, Switzerland and Australia. With the Belgian exhibition this spring and that of West Germany which opened on September 5, the round of general exhibitions of the industrial countries, with the exception of the United States, can be said to be completed. Henceforward the specialized type of exhibition is likely to predominate.

The exhibition in Shanghai in March of British scientific instruments and machine tools proved successful for the instrument makers but disappointing for the machine tool manufacturers, probably because the Chinese interests were centred mainly on the more advanced types.

Realizing the importance of technical exchanges as a means of selling advanced equipment to China, the 48 Group in November 1971 agreed with the Chinese to initiate a programme of technical lectures to be delivered in China. The first of these was presented during the visit of a group delegation to Peking in November 1972 when 15 lectures were presented on television equipment, fuel injection systems, machine tools, chemical

engineering, aerospace, cigarette production and pharmaceuticals. These served as a valuable experience for companies exhibiting at the British exhibition in the spring of 1973 when the 48 Group members delivered 46 of the total of 220 technical lectures.

A technical lecture programme was then established by the 48 Group on a regular twice-yearly basis. Proposals are submitted four months ahead to give time for the relevant specialist and technical bodies in China to be consulted. The rate of acceptance is gratifyingly high. The presentations usually run for a week or 10 days, during which the two sides are able to explore the topic in depth.

All the British technicians who have lectured in this programme have been greatly impressed by the technical level of the Chinese audience and the care with which the preparatory technical material has been studied in advance of the lecture itself. This explains why the Chinese place so much emphasis on the skill and qualifications and experience of the lecturers and the depth of treatment of the subject. The scheme has proved invaluable in testing Chinese interest in a product area at any given time.

It is clear that in areas of high technology time and patience are needed to achieve commercial results and the key to success lies in getting as close as possible to the specialist and technical organizations and individuals whose advice is all important. All three forms of approach—specialized exhibitions, technical lectures and visits of Chinese specialists—groups—are valuable means to this end.

Britain must maintain trade with finished goods

by P. A. Timberlake

Britain's China trade rose to its highest peak in 1973-74, with eight or nine million pounds being earned on both sides of the account. Turnover is running at about £140m a year, but is that so satisfying when West Germany is doing twice as much trade and Japan more than £1,500m a year?

Japan is close to China and can deliver more quickly and cheaply, and the Chinese have now made a big expansion of the trade possible by offering to double their

supply of crude oil to the Japanese market.

Germany does not have that advantage, however, and did not recognize China until its shipments to China, which just over 10 years ago were less than Britain's, are now much more impressive, and on the point of becoming more so still with the inauguration of £150m worth of industrial plant contracts placed by China in 1973-74.

France until now has lagged behind, but the latest

figures show France, too, outstripping Britain. Chinese capital goods contracts awarded to French firms during the space of heavy buying from Western Europe last year and the year before will ensure that France's exports remain ahead during the rest of the seventies.

British manufacturers look ruefully at this build-up of big engineering contracts—power stations, steel works, chemical plants, locomotives, lorry fleets—and may ask themselves what has gone wrong with their own sales effort in China. Was not Britain formerly in the lead, not only in the old days before China became a world trader in its own right, but more recently when the barriers to trading with the People's Republic were broken in the late fifties and sixties?

Before comparing the score today with that of a decade ago, it would be prudent to remember two important changes that have come about in trade among the continents of the world. Old patterns of commerce in primary commodities and the raw materials of industry have been swept away, along with the remnants of former national groupings. Cotton, food grains, oilseeds, non-ferrous metals, flow along different routes and to different buyers, partly because developing countries have insisted on their right to act independently.

China, by far the most powerful of them economically, has emerged as one of the world's great commodity traders. In terms of overall value, commodity business forms a large slice of China's current exchanges, not only with buyers of commodities but with sellers too. Cotton from the Middle East and North America, wheat from Canada, Australia and France, metals from six continents, swell the total of its imports.

To accept that there are many areas of trade in which we cannot now compete, because we are not ourselves producers and countries which, at one time supplied through us, are now trading direct, is not to accept a decline in exports of manufactures.

Leaving aside man-made fibres and chemicals, of which Britain remains one of China's most important suppliers, the evidence of the past few years' trade figures does not suggest such a decline. Exports of machinery, transport and handling equipment and aircraft are all at their highest level.

If British industry could merely build on the areas of trade in which it offers the Chinese a clear advantage—mining and material handling machinery, aerospace, advanced textile and electronic equipment required for mass consumption industries—there would be nothing daunting in the envied haul of steel and chemical plant contracts landed by the French and Germans.

French orders total £250m, West German £150m, but Britain's, including the successive contracts for Trident jet airliners, exceeded £150m. If the execution of the British contracts is further advanced, with correspondingly less left in the pipeline, that is a reason for making the fullest preparation for the next wave of Chinese buying. This is already being heralded by visiting missions and technical exchanges.

The early 1970s have been bitter years for British traders. The experience previously familiar to countries it has declined relatively to

the share of other established partners—and within the range of products that can be bought from Britain.

By this standard British trade seems to have stood up fairly well until quite recently, except in comparison with Japan. In 1965 Japan was supplying 15 per cent of China's imports; by 1970 30 per cent. The figure is still not much different in 1975. Britain, on the other hand, was supplying more than 5 per cent at the beginning of the seventies and is now down to 3 per cent. West Germany managed to climb from 5 per cent to 8 per cent but is now back nearer 5 per cent. (Massive deliveries of iron and steel more than account for the difference between this and Britain's 3 per cent.) It is interesting to note that the United States, which achieved a 16 per cent share in 1974 mainly by dint of bulk sales of cotton and grain, is now down to about 6 per cent.

The United States, however, does not yet rank as an established trader with China. Trade was resumed in 1972 after a break of nearly 20 years and exports shot up to \$800m in 1974, only to slide to \$70m in the first quarter of 1975. The United States-China trade is still an unknown quantity. This can no longer be said of Chinese trade with Canada and Australia, which has proved its durability and potential in the past decade. These two Commonwealth countries provide an excellent illustration of the change that has come over the face of Chinese trade. While they were once regarded as the new rank among the People's Republic's first half-dozen trading partners—ahead of Britain—they supply products which Britain does not have for export, such as wheat, nickel, iron ore and sugar.

Boost to value of sales

In all this the country that has to reach for the importance as a supplier of raw materials is Britain. Even Germany and Japan can look to steel semi-products for a huge boost to the value of their sales to China. Britain must maintain her share of the China trade in future with finished goods.

The second change is the much wider dispersal of Chinese trade than formerly. One has only to look at some of the countries which have sprung into prominence in the past two or three years as partners in stable contracts with China—Denmark (kitchenware and ammonia plants), Bahrain (aluminium), Kuwait (urea), Iran (sulphur), Romania (power plant and oil rigs)—to gauge the difference between the pattern of the early 1960s and today.

If a country moves forward from having trading relations with a limited range of partners to being a world trader, the percentage of its total trade with any previously established partner is almost bound to fall. Britain's share of the China trade could hardly fail to reflect this fall. In absolute terms, however, it has noticeably increased. The real test may be whether it has declined relatively to

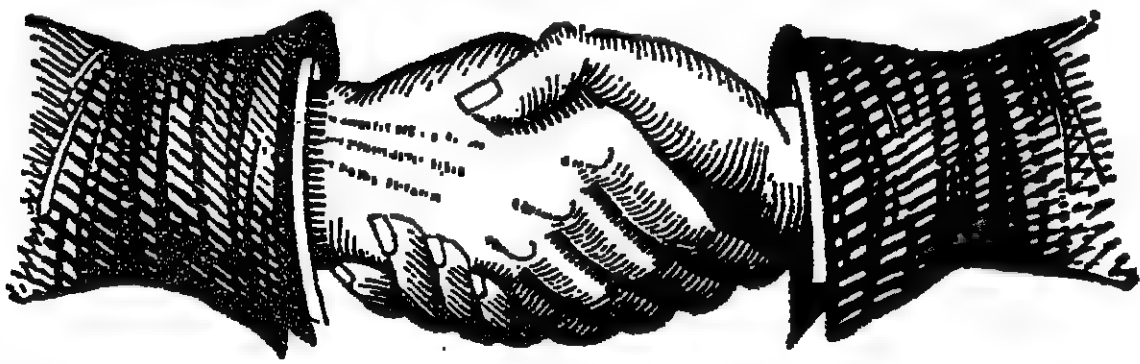
justice can be as want in trade as in politics—is now being undergone by the pioneers of modern trade themselves.

This is no excuse for allowing adversity to lead to resignation. Amidst the most chequered conditions new opportunities are constantly appearing and rewards for recognizing them remain as great as ever. Britain's first opportunity to reopen trade with China after 1949 was recognized by the unofficial "ice-breaker" mission in 1953, but the faster of the western embargo robbed British business of what might have

been a key role in China's industrialization at that time.

After a series of missed opportunities this one has been grasped with less hesitation. It should not have had to wait until so many misgivings about American and European reactions were finally dispelled. Now that trade is at a serious level it should be as easy as possible to seek the concurrence of our competitors before looking attractive as they can be made: or before using our potential as an import market to reinforce Britain's position as a fully reciprocal trading partner of China.

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THE BEDS THAT WILL CLOSE TOMORROW

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ADMISSION OF TWO VIETNAMS TO THE UN

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scholarships

Mr. McNab Education Correspondent, writes that in future Rhodes scholarships will be available to women. He writes that in future Rhodes scholarships will be available to women. He writes that in future Rhodes scholarships will be available to women.

Bolshevik Revolution encouraged a growth of revolutionary Marxist fervour that was very different from the more home-spun radicalism of Labour's pre-war leaders. Today in the divergence between moderates and left-wingers in the Labour Party there are faint echoes of this earlier contest of wills between revolution and reform.

To some extent the success of "Days of Hope", its popularity and its notoriety, depends on such associations. As with many television plays the producers of the series have adopted some of the techniques of the documentary to achieve a greater dramatic effect.

STERILIZATION PAYMENTS

From Mr. R. M. Ballard Sir, Along with many of my colleagues, I am puzzled as to the motive behind the Department of Health's decision to pay surgeons for performing sterilization operations. Such payment was not requested by us, neither is it desirable, for it may undermine the confidence put in us by patients.

Antiquities in Cyprus

From Sir David Hunt Sir, The fate of the antiquities in Cyprus is of such general interest that I hope you will allow me to make some brief comments on the letter from Mr. Jacques Delbard (September 26).

Dogs in Venice

From Mr. John Sparrow Sir, Four or five years ago you published an article in which you appealed that had then recently been launched for help to save Venice from damage by pollution.

Patients' rights in NHS policy

From the President of The Royal College of Surgeons in England Sir, It is of extreme importance that the public should realize the significance of the support given by Presidents and Deans of Royal Colleges and Faculties of Medicine to the document condemning the Conservative Government's proposals for a new NHS.

There is only one other qualification to this; if the BBC were presented with material of equal dramatic merit, but with a right-wing bias, say a play in which Sir Oswald Mosley was seen in a favourable light, there would be only contempt for the left wing who tried to break up his meetings, would they have the courage to apply the same standard to them?

Public schools

From Mr. Correlli Barnett Sir, It was astonishing to read in your second leading article today (September 27) that "in the nineteenth century public-school ideals enriched the whole of English education."

The Greek trireme

From Mrs. Nora Wooster Sir, It was Masferrer's quinquereme which first directed my serious attention to this class of vessel. About 1950 my young son was faced with producing an appreciation of the poem for his homework, and I, lacking adequate culture of the one sort, set out to show that triremes with three superposed banks of oars were mechanically unworkable, let alone quinqueremes with five.

Mental health care

From Dr. John Gunn Sir, I hope you will allow me to correct an erroneous impression given by your article. Scheme for "Mental Health Care" announced (Monday, September 22) was quoted as saying that "plans for secure fenced 'mini-Broadmoors' were being drawn up within the National Health Service."

Exhibition of Turners

From Mr. Selby Whittingham Sir, A quite erroneous impression has grown up that by moving the Turner bequest to a Turner gallery one would strip everywhere else of the National Gallery's five of the Sheepshanks gift at the Victoria and Albert Museum, the Iveagh bequest at Kenwood, the Cholmeley bequest at the Tate Gallery, the Trafalgar at Greenwich, Van Tromp's Barge at Sir John Soane's Museum, Van Tromp going about at the Royal Holloway College, or Dolbadarn Castle, at the Royal Academy.

Human rights

From Lord de L'Isle, VC Sir, "It does not matter to the man on the bench what is in the Declaration of Human Rights." Thus Lord Pannell in the House of Lords recently, rebuffing the argument that people should be allowed to refuse to join a trade union on grounds of conscientious objection.

Protest over Spanish executions

From Mr. Michael Hamilton, Conservative MP for Salisbury Sir, So the double standards of our foreign policy are rigorously maintained. We withdraw our ambassador from Spain. We cancel a port call in South Africa by the Royal Yacht Britannia. We countermand a Royal Navy courtesy visit to Greece.

Has the Foreign Secretary been re-elected Labour Party treasurer, did you say? Yours faithfully, MICHAEL HAMILTON, House of Commons, September 28.

From Mr. Aubrey Drapkin Sir, Through the medium of your column, would it be possible for somebody to explain to me why—and especially among politicians—there should be such vociferous concern for the fate of a hundred or so policemen in Spain, when there seems to be no reciprocal concern for the victims or their families.

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LETTERS TO THE EDITOR

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Achievement on Everest

From Lord Hunt Sir, The great news that the south-west face of Everest has at last been scaled by a team of British mountaineers was passed on to me by my surgeon as a most appropriate moment, in an operating theatre last Thursday and it greatly raised my morale. I feel sure that this achievement must have had a similar effect on a great many other people, whatever their circumstances at that time; it is because the mysterious influence on people, notwithstanding the different conditions in which we live, of some outstanding proof of human fortitude and daring, that I venture to ask you to grant me space to make the following point in your column.

The expedition now triumphantly concluded is the latest in a series of attempts made by leading climbers from a number of countries in the past five years: two of these were international in character, two were from Japan, one from Argentina and one previous attempt had been made by Bonington himself with a British team in 1972.

In giving the accolade to our own heroes Douglas Harson and Doug Scott, it is only right to remember and acknowledge the self-effacing courage, tenacity and support of those others who, between 1970 and 1975 combined to get members of their teams up 27,000 feet on this formidable western precipice; and in so doing, contributed knowledge from which each succeeding party was able to benefit.

Car sidelights

From Dr. J. D. Armstrong Sir, Legislation which requires that car headlights be switched on in visibility is poor but not particularly effective. Many motorists still judge that rain and low ambient light are conditions where sidelights alone are adequate; some prefer not to use any lights at all.

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by Leyland
st get to
ps with
rmany, p 17

1000 nor union auxhall workers ice dismissal ver 'closed shop'

W. Shakespeare
shall Motors, which is
by General Motors of
a and is one of the top
rich car manufacturers
ed its workers that it
to impose a union
shop in all plants in
lury.
decision is the result of
ement reached with the
ons. It means that about
auxhall workers, one of
shopfloor labour force
00 at Luton, Dunstable
esmere Port, Merseyside,
not at present belong
union, will have to join
face dismissal.
night a spokesman for
pany said it had always
a policy in the past to
united union member-
recruits. As a result of
nts which had been
with the unions since
it had decided to make
its terms of membership
a "condition of employ-
spokesman said that al-
no deadline had been
the intention was that
rkers would be given
of a date from which
uld have a period of up
be weeks to join the
state union. The only
ions would be on
or other "reasonable"

vertime dispute halts ind-Rover output

Northern Industrial
ndent
Leyland's output of
overs, normally worth
500,000 a day and one
company's big export-
was at a standstill
y, when production was
restored after a week's
shutdown.
550 assembly line
already laid off at the
plant the company has
at more men could be
die over the rest of this
Land-Rover shutdown
from a continuing strike
welders at a Bridg-
downed factory in Car-
Street, Birmingham,
turns out the chassis or
the assembly plant.
150 workers from the
ham factory have also
be laid off.
elders are due to hold
tomorrow to vote on
to continue their
stoppage, but there is
of a break in the dis-
er the company's moves
d all overtime and put
ry on a standard 40-
each-a move which it
ld create two new jobs
ers.
ment maintains that
ing against the cancel-
of overtime and also
the taking on of extra
s welders are not only
of normal discards
nts, but are repudiating
c agreement made with
of the two unions to

on forecast of 100m US ral deficit

ation, Sept. 29.—Mr
Simon, United States
Secretary, told the
udget committee today
prospective Federal
could increase to
(£45,000m) for fiscal
e noted that the
was well into a period
ry and that the three-
al adjustments for
ad occurred.
included inventory
real income for con-
ad been restored by
double-digit inflation
ductions and employ-
i begun to increase
ough for strengthened
confidence.
ion said the money
with rates fluctuated
k to week but the
Reserve system did
be following policies
t economic recovery.
the House panel to
nent Federal policy
down government

stion that the House
Means committee
nsider extend the
t temporarily from
15 to December 15
present \$577,000m
scheduled to expire
by Mr Edwin H. Yeo,
ry Under-Secretary.
said that because
variables" being con-
raise the debt limit
be resolved by Nov-
Congress would not
take "timely action"
a limit "timely ac-

Grocery pay deal will add £30m to nation's food bill

A pay offer for 150,000
supermarket and grocery
workers, with a £6 maximum
for managers and senior grades,
was accepted yesterday by the
Union of Shop, Distributive
and Allied Workers. It will take
effect on November 10, exactly
a year since the last settlement.
About half the workers will re-
ceive the full £5, with lower
grades getting less.
Earlier this year the union
reached another agreement
with the Multiple Food
Retailers' Employers' Associa-
tion, but it was scrapped be-
cause it fell outside the govern-
ment-TUC guidelines. The pre-
sent offer was made at the end
of August and had to be agreed
by local branches of the union.
The award, which realizes the
union's target of £30 a week for
shop assistants, will put about
£30m on the cost of food bills.

Fife papermaker
cuts 150 jobs
Further evidence of the re-
cession in the United Kingdom
paper industry came yesterday
with the decision by Culter
Guard Bridge Holdings to re-
duce its papermaking group
labour force by 150.
About 100 jobs will be lost
at the company's Guardbridge
works in Fife. No direct pro-
duction workers are to be
affected at the Culter Mills site
in Aberdeen, but at the Smith
and McLaurin paper converting
mill in Renfrewshire, 20
workers have already been made
redundant.
Mr G. Wallace Adam, group
managing director, said yester-
day the redundancies were
a result of a recovery in

Rank head to meet investment committees

By Margaret Walters
A meeting has been arranged
between Sir John Davis, chair-
man of Rank Organisation and
the four investment protection
committees who speak for the
pension funds, insurance, and
unit and investment trust indus-
tries. It is understood that the
meeting will be held later this
week.
Mr Gordon Richardson, Gov-
ernor of the Bank of Eng-
land, is known to be concerned
with the situation at Rank
following the boardroom dis-
pute that led to the departure
of former chief executive Mr.
Graham Dowson. The previous
Governor, Lord O'Brien, is now
on the board of Rank and of the
Prudential, a large share-
holder in the company.
Institutional shareholders are
noted for the secrecy with
which they conduct themselves
in situations like this. Terms of
reference can extend to discus-
sion of management policies
and, if necessary, to replace-
ment or recruitment of top
management.
But in the case of Rank there
is understood to be some insti-
tutional pressure on the com-
pany to keep shareholders in-
formed of the progress towards
the enfranchisement of the "A"
non-voting capital, and other
aspects of the changes indicated
by the board in the wake of the
Dowson affair.
Yesterday's main monthly
board meeting at Rank, the first
since the row, ended without
any statement on share enfran-
chisement or changes in man-
agement policy. A spokesman
described it as a normal board
meeting.
Meanwhile, Sir John has seen
some City analysts and is
shortly to meet representatives
of United States investment
managers organised by Wall
Street brokers Martin Simpson.

State backs £35m CAV expansion

By Clifford Webb
The Government is to pro-
vide £3.7m towards a £35m plan
to double production of CAV
diesel engine injection equip-
ment over the next five years.
Some £25m will be spent in
the United Kingdom factories
of the Lucas Industries sub-
sidiary, which is already the
world's largest manufacturer of
injection equipment for the fast
growing diesel engine industry.
The state's contribution will
help to create 1,200 new jobs
over the next two years. It is
in the form of interest relief
under the provisions of the
Industry Act and the new in-
vestment scheme announced by
Mr Healey in his Budget.
A Lucas Industries spokes-
man said the remaining funds
were being provided partly
from internal sources and partly
from British and overseas
banks. Loans had already been
secured to cover the whole
investment.

Officials pave the way for Group of Five summit on economic developments

By David Spanier
Diplomatic Correspondent
The forecast economic sum-
mit meeting of the Group of
Five—Britain, France, West
Germany, the United States and
Japan—is now expected to be
held before the end of the year.
Its purpose is to discuss
economic developments, in the
light of the general recession
affecting western countries, but
in a more "political" way than
is possible in regular meetings
of financial experts.
Senior officials are to meet
in New York next week to pre-
pare for the summit. The
British representatives will be
Sir John Hunt, secretary of the
Cabinet, and Sir Derek Mitchell,

Tanzania leads sharp attack by countries of Third World against Opec price rise

By Roger Violevo
Tanzania launched a bitter
attack on the latest 10 per cent
increase in world oil prices
yesterday as France announced
that a second meeting to pre-
pare the way for a world con-
ference on energy, raw
materials and other problems
would definitely take place in
Paris next month.
Anger among the Third
World nations at the Organiza-
tion of Petroleum Exporting
Countries' decision to increase
prices from tomorrow may
mean that the seven nations
representing the oil producers
and the developing countries
will not act in unison, as at
the abortive attempt to estab-
lish a "dialogue" in April.
Mr Amir Jamal, the Tanza-
nian minister of commerce
and industries, said in a state-
ment that oil exporting nations
were "appearing to turn their
backs on the developing coun-
tries, particularly the least
developed countries oil products
are not luxuries. They are
necessities".
Mr Jamal said Opec's deci-
sion to increase prices would

cost Tanzania's economy
(about \$45m) in extra foreign
exchange.
Before the oil products met
in Vienna last week they had
been "washed" through diplo-
matic channels that were part
of the Third World's strategy
to not remain ostracised as
they had done in the past if
prices went higher.
Brazil, India and Zaire will
represent the interest of the
Third World when the prepara-
tory conference begins in Paris
on October 13.
During the April meeting
they worked closely with the
four Opec countries—Saudi
Arabia, Algeria, Iran and Ven-
ezuela—in preparing for the
problem of raw materials and
general problems of the devel-
oping nations to be placed on
the main agenda.
This meeting broke up in
disarray when the United
States, Japan and the Euro-
pean Economic Community
could not agree to this request.
At the end of this meeting
the oil producers had estab-
lished themselves as leaders of
the Third World grouping.

One of the basic fears of the
oil exporters is that they will
be isolated from the Third
World and the industrialised
countries and appear purely as
a rich man's club, remote from
other groups.
The low oil price policies of
Saudi Arabia, Algeria and Ven-
ezuela may ensure their accept-
ance by the Third World
group, but they may discover
that their desire to keep oil
prices as high as possible will
isolate them from the rest of
the Opec team.
Even the Shah's plans for a
billion dollar aid fund for the
developing countries financed
from the price rise may not
undo the damage done by
Iran's hawkish stance on crude
costs.
A French government
announcement said yesterday
that the 10 representatives to
the first conference had
accepted an invitation to
return to Paris on October 13.
The preparatory meeting is
expected to set a December
date for the start of the world
conference at which 27 nations
will attend.
Other nations are still assess-
ing the effects of the Opec

price rise. The United States
and Japan both estimate it will
cost them an additional
\$2,000m annually.
And with production in the
Gulf up by a million barrels a
day during August—the latest
production figures available—
output of 20,600,000 barrels a
day will ensure that the price
increase nets the countries in
this area an extra \$7,000m a
year.
David Cross writes: The Opec
price decision will add a further
\$4,000m (about £1,950m) to the
European Economic Commu-
nity's fuel bill, according to EEC
officials in Brussels.
As a result the balance of
payments situation of the Nine
as a whole will probably end
up in deficit next year, after
showing a modest surplus this
year.
According to the officials,
the increase is unlikely to have
much impact before the begin-
ning of next year. EEC stock-
piles of oil are high and there
are still considerable quantities
on the high seas. Nevertheless,
there are fears that the rise
will have an adverse effect on
industrial production in the
Community.

Post Office decision to leave CBI likely soon

By Malcolm Brown
Sir William Ryland, chair-
man of the Post Office, is ex-
pected to announce the Post
Office's decision to leave the
Confederation of British Industry
formally within the next few weeks
that the corporation is pulling
out of membership.
The Post Office's decision
will cost the confederation
more than £20,000 in subscrip-
tions and is a damaging blow
to the prestige of the organiza-
tion which has until now man-
aged to span both private and
public sectors without any
noticeable conflict of interest.
After the disclosure in
August that the corporation
was proposing to resign, Mr
Campbell Adams, director-
general of the CBI, said that
the Post Office had agreed to
review the situation jointly
with the CBI before renewal of
subscriptions fell due in Octo-
ber. I understand that such a
meeting has now taken place
and that the Post Office has
undertaken to give the CBI a
written answer shortly.
Although the membership
fees paid by the corporation
are by no means negligible, it
is understood that the Post
Office decision is not regarded
primarily as an economy
measure.
Mr Adams was at pains to
point out in August that there
was no evidence of widespread
disaffection among public
sector members. He explicitly
rejected the suggestion that the
Post Office might be only the
first defector.

Mr Ford selects new SEC chief

Washington, Sept. 29.—Presi-
dent Ford has decided to name
Mr Roderick Hills, the White
House counsel, as the next
chairman of the Securities and
Exchange Commission.
The choice is certain to
mean a fresh look by the com-
mission at some of its present
regulatory policies, though it
will not necessarily mean any
important change in its stance
towards the securities industry.
According to reliable sources
here, the President will
announce his decision soon,
perhaps tomorrow.
Assuming a speedy confirma-
tion by the Senate, the transi-
tion from the current SEC
chairman, Mr Ray Garrett Jr.,
who submitted his resignation
earlier this month, could prove
unexpectedly quick. The White
House itself declined to com-
ment on the Hills appointment.
Mr Garrett had urged that
the President "not succeed him
with a fresh look by the com-
mission at some of its present
regulatory policies, though it
will not necessarily mean any
important change in its stance
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Barges beat pack ice to supply Alaska field

By Our Energy Correspondent
A small convoy of barges
carrying heavy oilfield equip-
ment has broken through a
barrier of pack ice blocking
the Arctic sea route into the
North Slope of Alaska and last
night was due to begin unloading
at a new oilfield. The convoy,
which is escorted by two United
States Coastguard cutters,
Nine of the barges are carry-
ing equipment for the Atlantic
Richfield part of the develop-
ment and the remainder have
materials for BP. They carried
such things as generators, air-
conditioning systems, and gas
rejection plants that cannot be
moved overland.
Earlier this month Standard
Oil of Ohio (Sohio) announced
that it had deferred the issue
of new common stock because
of uncertainties in the Prudhoe
Bay development programme as
a result of delays to the
barges.
BP has a 25 per cent stake
in Sohio, which will become a
controlling interest in the
United States company.
The net flow reaches 800,000
barrels a day.

£1m contract will extend radio pagers

By Kenneth Owen
The radio-paging service the
Post Office plans to introduce
for the London area next year
took a step forward yesterday
with the announcement of a
£1m contract for the first 10,000
pocket "bleeper" units under
the scheme.
These are to be supplied by
Multitone Electric Co. of north
London, which has supplied
similar pagers for a Bell Canada
service in Ontario and Quebec.
The service will cover an
area of about 900 square miles,
including from Petersham, Berks,
south to Caterham, Surrey; and
from Heathrow Airport, east to
Dartford, Kent.
People within this area will
be contactable by an ordinary
telephone call to their special
number. The call will trigger a
coded signal to their pager unit,
via a computer centre which
will then "bleep" to indicate
that they should telephone their
office or other prearranged
location.
The Multitone pagers will be
able to receive two codes, trans-
lated into two different
"bleep" tones, in order to indi-
cate which of two sources—the
user's business or home.
Users who do not wish to be
disturbed can switch the
pager to "memory", which
stores the call and operates the
signal when the unit is switched
on later.
The London scheme will at
first cater for 20,000 users, ris-
ing later to 100,000. It follows
an experimental paging service
covering 800 square miles of
the Thames Valley which has
apparently been highly success-
ful.
Charges for the Thames
Valley service have been £5 for
connection and £7 a month ren-
tal, including the cost of all
calls. Charges for the London
service are unlikely to be less.

Dearer petrol unjustified, motor traders claim

An immediate price rise in
petrol because of the Opec deci-
sion to put 10 per cent on a
barrel of oil was unjustified,
the Motor Vehicle Association
said yesterday. "We believe
that any price increase as a
result of the Opec decision
should not be necessary before
January or February next year
at the earliest", a spokesman
for the association and the
Scottish Motor Trade Associa-
tion said. Nor was there any
reason why the motorist should
have to bear the full brunt of

the price rise, he added. The
society has called on Mrs
Shirley Williams, Secretary for
Prices and Consumer Protec-
tion, to spread the load more
fairly.
One problem facing garage
owners was that most pumps
were unable to cope with any
more price rises and would cost
about £100 each to modify. A
small garage proprietor with
four pumps to modify would
have to sell a lot more petrol
to recoup the cost, the asso-
ciation said.

How the markets moved

Rises
Ass Port Cement 1p to 176p
Carlin's Cypel 5p to 53p
CCS Inv 3p to 23p
ENI 1p to 215p
GNK 4p to 32p
Hill Thermotek 5p to 40p
Jesseps Hldgs 1p to 13p

Falls
Aer Fisheries 2p to 22p
Barclays Bk 7p to 283p
Brit Am Tob 3p to 305p
Bnk Leyland 4p to 32p
Glen Hldgs 10p to 359p
Imp Chem Ind 4p to 285p
Kaiser Aluminum 3p to 45p

Equities were easier in this trade.
Gift-edged securities saw hefty
falls at the longer end.
Sterling was down 75 points on
Friday at \$2.05. The "effective
devaluation" rate was 28.6 per
cent.

On other pages
Business appointments 18
Appointments vacuum 21, 22
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second permanent secretary of
the Treasury.
The suggestion of a summit
meeting of the five, to be at-
tended by President Ford and the
European and Japanese heads
of government, arose at the
security conference at Helsinki.
At that time the French govern-
ment took the lead, with the
aim of rallying its partners to
the cherished French policy of
fixed exchange rates. Since
then, however, it has become
clear—whatever the merits of
fixed exchange rates in theory
—that there was not the slight-
est chance in practice of coun-
tries reverting to the C'd system.
At the same time, the need to
consult more closely at the
highest level on general econ-

omic developments seemed em-
phatically desirable, so the summit
idea, though the problem of arranging dates re-
mains.
The conference will take the
shape of an informal meeting
for exchanging views, not a
forum for decisions. The Group
of Five has met at regular in-
tervals since 1973, usually with
finance ministers and central
bank governors, to confer on
economic policies.
Such meetings aim at reach-
ing an understanding on policy
which can be translated into
effective decisions later on in
the International Monetary
Fund or the European Com-
munity and other similar
bodies.

Gold lost \$12 on the day closing
at \$184 an ounce.
S&P-500 was 116.23 on Monday,
while S&P-500 was 0.571256.
Commodities: Reuters' index was
at 1163.3 (previous 1165.8)
Reports pages 18 and 19

THE POUND

Bank buys 1.58
Bank sells 1.62
Australia \$ 1.58
Belgium Fr 36.25
Canada \$ 2.13
Denmark Kr 12.85
Finland Mk 5.15
France Fr 5.90
Germany DM 5.35
Greece Dr 70.25
Hongkong \$ 10.55
Italy L 15.50
Japan Y 164.00
Netherlands Gld 5.78
Norway Kr 11.85
Portugal Esc 206.00
S Africa Rd 2.85
Spain Pes 124.00
Sweden Kr 4.60
Switzerland Fr 5.75
US \$ 2.08
Yugoslavia Dnr 40.20

Notes for small denomination bank notes
only, as supplied by the Bank of England
apply to travellers' cheques and other
currency instruments.
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The Capital & National Trust 15
Interim Statement: 17
Tarmac 17

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Steel committee backs Port Talbot expansion at expense of Shotton

By Trevor Fishlock

In a strongly-worded report today, the Government is urged to make up its mind soon about the expansion of the Port Talbot steelworks in Wales.

Failure to secure the quantity and quality of steel needed from the works would have catastrophic consequences for the region, and put the British plate industry in jeopardy, the report says.

The case for quick decision on the proposed £550m development at Port Talbot is made by the newly-formed West Wales Steel Development Committee, representing MPs, the West Glamorgan County Council and other local authorities and unions.

It examines the rival claims of Port Talbot and Shotton in north Wales, and finds the case for expanding at Port Talbot at Shotton's expense—an overwhelming one.

The chief argument, in line with the British Steel Corporation's own view that Port Talbot should be one of the five main expansion areas in the development strategy, is that Port Talbot has much greater advantages for large scale working.

In putting the case for the urgent development at Port Talbot, the committee says it has striven to avoid a clash with Shotton. "We have tried to present a fair view, but inevitably expansion of Port Talbot and the ending of steel-making at Shotton are closely tied."

Ending iron and steel making at Shotton would cost £500m, jobs and the Shotton unions have put alternative plans to re-convert the plant's steelmaking capacity.

But the West Wales committee says that development shared between north and south Wales would leave BSC with two relatively small plants, which would become less competitive. The only sensible scheme was to provide a continuous casting plant linked to a new medium-width mill at Port Talbot. This would mean that a new hot strip mill, and a 10,000-ton blast furnace, would have to be built.

Some of the output of six million tonnes a year would be used to supply hot rolled coil to Shotton, where the obsolete open hearth furnaces would be closed. This would give an average £2.8 a tonne advantage to Port Talbot, and an overall saving of £9m a year.

The report emphasises the strength of international competition in steel and says that indecision and delay in revitalising the industry had already given competitors a lead. Delays in implementing investment at Port Talbot had already raised the cost by £115m to £550m.

The committee points out that increased production is not everything. There was also a need to improve the quality of hot rolled coil. "If this is not done the plate industry of Wales will be condemned to a slow death."

"As the tripartite customers' quality demands are increasing so the ability of Port Talbot to produce coil of the right quality will be decreasing. The plate industry will either have to seek coil of the required quality from abroad, or displace customers will seek new suppliers."

"Within five years of a fall-out to develop Port Talbot, the tripartite industry in Britain could be another British motor cycle industry."

ICI to sell Union Carbide thermoplastic in Europe

ICI's Plastics Division is to sell Union Carbide's "Udel" polysulfone high-performance thermoplastic in Europe, the two companies announced yesterday.

ICI will assume sole responsibility for European sales before the end of the year. The arrangement also allows ICI to manufacture polysulfone in Europe at a later date.

"Udel" and PES (polyether-sulfone) are members of the polysulfone family which extends the service temperature range of the easily-processed injection moulding and extrusion plastics beyond the top limit available from other thermoplastics.

In many applications, they are said to be more cost-effective than stainless steel, brass

or zinc, and have already been used in many industries including electronics, engineering, domestic appliance, automotive and aerospace.

Mr Charles Vowles, ICI plastics division chairman, said: "We regard Udel as a most important addition to our range of high-performance plastics. We are already extending pilot plant PES production to produce more of this material for further market development."

Project studies for a polysulfone and PES production complex are in progress and we are also accelerating our marketing programme for polysulfones.

"The production complex would represent a multi-million pound sterling investment for ICI and would be planned to be on stream before 1979."

Singapore and Macao sign EEC textile pacts

Brussels, Sept. 29.—The European Economic Community announced today that Singapore and Macao had agreed to limit textile exports to the Nine. The agreements, which come into effect on Wednesday, are part of a series of Community trade agreements with countries in south-east Asia and Latin America.

The Macao pact will please EEC officials in view of reports from Hongkong that several groups there had rushed to negotiate with the Community to produce goods to Europe to avoid quota restrictions placed on them.

A three-man team led by Mr John Faill, Norton Villiers designer, has just returned from Italy with enough components to build a prototype motor cycle.

They also visited Italian motor cycle dealers in test market reaction to the sale of British machines.

Mr Ray Durman, a member of the team and secretary of the workers action committee, said they had been welcomed with open arms wherever they went.

Component suppliers were eager to do business with them and had offered 90-day credit terms on the supply of parts.

He said: "Nothing was too much trouble for them. They fed us, put us up, and even drove us around to visit other firms."

Mr Roger di Marco, an

Norton Villiers aim to use Italian parts in new lightweight

Workers at Norton Villiers, Wolverhampton, are planning to build a new lightweight motor cycle with Italian components if they can reach a financial arrangement with the official receiver. This will be in addition to the recently announced 500 cc Wulff, featuring a "next generation" engine.

The parent company, NVT, has petitioned for the compulsory winding up of the Wolverhampton subsidiary, and the court hearing is set for October 13.

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Mr Roger di Marco, an

experimental engineer at Norton Villiers, who was born in Italy, was the third member of the team. He acted as interpreter and guide.

Italy has the most comprehensive motor cycle component industry in Europe. Its products are already used by French motor cycle and moped manufacturers.

But the economics of Italian components have already been extensively explored by British firms, including NVT. They were rejected because the limited volume involved would not enable them to be competitive against the all-conquering Japanese.

The action committee, representing the 1,600 Wolverhampton workers, met for most of yesterday to study reports of the Italian project and the results of market surveys carried out in Britain.

Three teams of workers have been visiting motor cycle dealers in the south, Midlands and north, to obtain their reactions to the proposed 500cc Wulff, and the still secret Italian lightweight.

Results will be sent to Mr Varley, Secretary of State for Industry, during the next few days.

Despite the obvious enthusiasm and enterprise being shown by the Wolverhampton workers, they still lack financial backing from the state or private sources.

Work for 300 Milan talks in Electrolux on chemical expansion wages pact

By David Young
Electrolux is to build a factory at Aycliffe New Town, near Darlington, to make components at present bought in by Electrolux and Plymo its associate company which already has a factory at Aycliffe.

The company expects an increase in demand for domestic refrigerators from France and other European countries in 1976 and for vacuum cleaners from Europe and the Middle East. It has invested in new plant and equipment at Aycliffe and is taking on extra staff there, but there is no room at Luton for expansion.

Mr John Redman, Electrolux managing director, said that despite the worldwide recession demand for the products produced at Luton remained high.

The Commission for the new contract for 1,400 workers. Then a new strategy, seeking employment safeguards rather than salary benefits, will be tested.

Milan, Sept. 29.—Unions today unveiled their demands for the forthcoming renewal of the chemical workers' contract, Italy's first main trade union negotiation of the year.

They will demand a monthly increase of 30,000 lire (about £22) for all 200,000 chemical workers. It would be an 8 per cent increase for the higher paid, and a 10 per cent rise for the lower salaried.

It is also disclosed that they will pursue guarantees for full employment and unions-management negotiations for new investments.

Negotiations for the contract—expiring this month—will start in the next few days. When agreed, it will be effective to the end of December, 1977.

Before the end of October, metalwork unions might also open negotiations for a new contract for 1,400 workers. Then a new strategy, seeking employment safeguards rather than salary benefits, will be tested.

LETTERS TO THE EDITOR

Llanwern conflict ignores crucial issue facing steel

From Mr James Taylor
Sir, The conflict over the manning of the new blast furnace at Llanwern ignores, as usual, the very limited (likely) future of the whole works. Llanwern, like the other doomed "modern" works at Runcraig in Scotland, will find that there is simply no demand for their combined capacities of seven to eight million ingot tons to which they will have been developed in five or six years' time, because competing commitments at Scunthorpe, Port Talbot, and Redcar will prevent, through superior efficiency, the total shares of a stagnant demand-level which would otherwise have been served by the two less efficient works.

It surprises an outsider like myself that the politicians (of all colours), the TUC, the iron and steel unions, the Department of Industry, and the BSC still keep their heads so firmly in the sand that they will not accept the implications of the following elementary sum, even in a year when United Kingdom steel sales are making far more modest demand-forecasts seem optimistic:

● "Planned capacity" for the early 1980s 36.38
● Less a reasonable sales-trend estimate 25.27
● It is reasonable to suppose that Llanwern's total capacity will be part of this excess, so shouldn't we be asking less about the claims for £600 a week of the blast-furnacemen, and more about the safety of competence of those who build a £55m facility (with a capacity and productivity of about half the norm when the decision was made) on a doomed site?

Your readers may be aware, Sir, that at the moment of the dispute about the Llanwern blast-furnace, a competing facility at double the cost and twice the capacity is being erected at Redcar: whose justification is totally obscure but of

which one thing is absolutely certain—that however it is managed, it will help to put not only the new Llanwern blast-furnace but also the whole Llanwern-steelworks out of business.

Yours faithfully,
JAMES TAYLOR,
6 Westover Road,
London, SW18.

From Mr Robin Evans
Sir, Now that the threatened strike in the steel industry has been averted for the present, surely it is time that all concerned should take a long hard look at their attitudes and policies before it is too late.

Recently, in conversation with a leading steel technologist, I learned that not only is he forced to import steel from continental sources, but also that his company is now buying steel from Australia. In that country it is produced by a British company, also making steel here, and sold at some 30 per cent less than the home produced supply.

Furthermore, this situation is working at full capacity including weekends, the reason being that he is ready to supply not merely at competitive prices, but, more importantly, any variety of steel in the quantities and with a firm and quick delivery date.

The opportunity is there for considerable volumes of business, if only it can be supplied when wanted, whereas the British, although working at little more than 50 per cent capacity, is unable or unwilling to provide the range of steel required except at abysmal delivery dates.

It is time to substitute imagination and drive in place of the present laissez faire.

Yours faithfully,
ROBIN EVANS,
The Old Orchard,
Long Compton,
Shipston-on-Stour,
Warwickshire

Legality of Customs notices on VAT

From Mr B. Rose
Sir, Irrespective of whether or not VAT is to be levied on postal charges made in the circumstances indicated in recent correspondence, there is one matter which is perfectly clear and which, in my opinion, needs to be stressed. This is that with one exception the VAT notices issued by HM Customs and Excise do not constitute the law—they merely express the view of the Commissioners as to the legal position. (The exception is the VAT notice No 727 relating to special schemes for retailers, which the Commissioners are empowered by law to regulate.)

It is distressing to find your correspondent quoting notices issued by the Civil Service as though they had the force of law. It is perfectly true that in some branches of law we are beginning to move in this direction, but we have not yet reached that position so far as VAT is concerned. An appeal against a decision of the Commissioners still lies to a VAT tribunal (an independent body), and from there to the court, when a point of law is involved.

Yours faithfully,
B. ROSE,
Rose, Gluck & Co.,
Upstairs House,
Blackhorse Lane,
London, E17.

withholding the VAT charged when they pay their bills. I presume that, before opening your columns to this correspondence, you were aware of the trouble that you may be causing small firms like myself.

Miss E. M. B. Byng (September 12) mentioned that she had taken financial advice on the subject, had been advised that the tax was not payable, and was therefore deducting it from her account. (Her financial advice appears to be about on a par with most of that given by financial advisers.)

Now I would imagine that the maximum VAT which could be charged on the postage and packing item of £215 parcel would be 15p allowing 1.05 for the stamps and a 1.00 packing charge. When this is deducted from an account obviously no firm is going to enter into a lengthy, and costly, correspondence to get it back, and will have to write it off and bear the loss because they are still liable for the tax.

I would say that on average the VAT charge on parcels we send out is between 4p and 8p. The VAT paid on the actual stamps used will be 7p on top weight parcel and maybe 3p or so on ours.

The VAT charge on postage and packing is the law of the land and has been since VAT was introduced, and the sooner your correspondents are made aware of this the better it will be for firms like myself who depend almost entirely on a postal trade.

LAURENCE W. NEEL,
Rocky Lane, Gatton Park,
Reigate, Surrey.

Effects of EEC court decisions on patents

From Mrs Elizabeth Freeman
Sir, Mr P. M. Turner (September 22), in attacking the "evolution of national patent law in the cause of European unity," states the effect of the decisions of the European Court in terms that are far too broad. He therefore cannot go unchallenged.

It is not accurate to say, as he does, that a patent "cannot be enforced against manufacturers who legally make a similar product in another Member State and then import the product into the state in which the patent applies". All that the European Court has so far decided is that a patent cannot be invoked where the product has been put onto the market in the other Member State by the patentee himself or with his consent. Indeed, the European Court has expressly provided that patents may be enforced in certain specified circumstances.

Mr Turner is also wrong in saying that the European Commission is "busily enforcing" a "strict interpretation of the Treaty of Rome on the free movement of goods in respect of patents and trade marks. It has no such powers over individuals and firms, unless Articles 85 or 86 are applicable."

Yours faithfully,
ELIZABETH FREEMAN,
Faculty of Laws,
University College London,
4-8 Endsleigh Gardens,
London WC1H 0EG.

From Mr C. Morcom
Sir, Your correspondent, Mr P. M. Turner, in connection with the possibility of a single national patent within the European Economic Community, states: "However, the patent cannot be enforced against manufacturers who legally make a similar product in another member state and then import the product into the state in which the patent applies."

So far as I am aware, neither the European Court nor the Commission has "allegedly" issued such a "strict interpretation" of the Treaty of Rome. Indeed, in a specific instance, *Parker, Davis and Co v Probel*, the Court has expressly said otherwise. In that case a Dutch patent was held to be entitled to restrain imports of drugs from Italy, where no patent protection for the product was available.

The only decisions the other way relate to special situations, such as common ownership of the different national patents, or trade marks within a group of companies and common origin of different national trade marks.

There are indications that the European institutions are now very much more aware of the importance of national industrial property rights to the Community. In fairness to these institutions it must not be assumed that they will permit any further erosion of such rights.

Yours faithfully,
CHRISTOPHER MORCOM,
1 Essex Court,
Temple, London ECA.

Marketing
From Mr G. Clive
Sir, I was very interested to see in your issue published on September 15, for Mr Wright of John Porter & Associates, his point was that the marketing expertise of British firms in other export markets leaves much to be desired. He contrasts this with the marketing success of Sony, Canon, Samsung, Mercedes, Volvo and Rolex in the United Kingdom market and he says that there are many other firms that could be mentioned in this context.

May I add that all these firms, and this Mr Wright did not mention, are substantial advertisers in British media, whilst too many British firms tend either to overlook the importance of advertising in other countries or, quite frankly, keep looking after the pot while they are cooking it. The point is that it comes to advertising and thus lose out substantially on the pounds.

Yours truly,
GEORGE CLIVE,
Managing Director,
The Axel Springer Publishing Group,
St James's,
London SW1.

IATA chief condemns carriers for unfair competition

From Arthur Reed

Oslo, Sept. 29
Leaders of over 100 of the world's scheduled airlines, opening their annual meeting here today under the auspices of the International Air Transport Association, were severely criticised by their president and director-general for undercutting each other on fares and cargo rates.

Mr Knut Hagerup, president of Scandinavian Airlines, who is also president of the association, said, without naming the airlines, that the agreed "undercut" in the Far East market was 48 per cent, while other operators were paying 24 per cent for business in another area.

Another airline was supplementing commissions to travel agents with anything from transistor radios to new cars. "Is it any wonder that governments and the public question the collective wisdom and responsibility of the industry, and the effectiveness of IATA?"

Mr Hagerup went on: "So long as we appear to be unable to put our own house in order; so long as we are unable to reach agreement on those commercial matters that we can control, and so long as we appear to be competing with each other to give more and more away to the middleman, we cannot blame governments and the public for assuming

that we can continue with low fares while producing an increasingly costly service in a chaotic market."

The IATA executive committee had given the highest priority to the control of malpractices such as "kickbacks" and rebates.

"But to be candid with ourselves in this assembly of managers, we cannot expect to solve these problems unless we can in this next year reassert our own authority as managers. All of the pious resolutions and solemn oaths we make at this annual meeting will do nothing to bring the industry back to sanity if they are not enforced within our organisations."

"We are all under pressure, but it is certainly self-destructive to allow our own people to undermine the market for an almost ludicrous competition."

Mr Knut Hammarström, director-general of IATA, told industry leaders that in a year when revenues fell short of target by 10 per cent, it was estimated that between £50m and £100m of passenger revenue, some 20 per cent of cargo revenue, had been eroded "wifely or otherwise" through non-compliance with agreements made by the airlines and approved by their governments.

This situation is unacceptable. It negates much of the hard-fought cost reduction

which all carriers are striving to effect. It raises questions as to whether the industry's complaints about its plight can be taken seriously. It challenges the validity of existing fare structures, thereby casting doubts on the credibility of the negotiating machinery itself. It increases significantly the task of the IATA compliance machinery."

The breakdown of the air transport regulatory framework continued to be the underlying cause of many of today's problems, Mr Hammarström said.

"Changes by carriers alone cannot solve the fundamental problem. It is no more than rearranging the deck chairs on the Titanic."

Comshare contribution to Everest success

Computer programmes developed by Comshare, London, were used in advance planning for the successful ascent of Everest by the British climbers, Doug Hudson and Doug Scott, last week.

This followed discussions between Chris Bonington, leader of the expedition, and Ian McNaught-Davis, a climbing colleague who is managing director of Comshare.

The aim was to use the business-planning computer techniques to plan the movement of food, tents, oxygen and men in the assault on Everest beyond base camp.

Mr Stephen Taylor, a Comshare consultant, designed an appropriate mathematical model to that alternative plans could be assessed.

In general, the climb had to be made as rapidly as possible—before the arrival of the monsoons.

A line had to be drawn between carrying up too many supplies (which would delay the final assault on the summit) and carrying up too few (leaving the final ascent to be started sooner, but leaving the climbers vulnerable to bad weather and a possible retreat to base camp).

Chris Bonington was able to refine his overall strategy before the expedition left for Everest, and to take with him a three-page summary listing the options which would be available (for on-the-spot decision) as the climb progressed.

Further standardization of government computer-based payroll systems could result in savings of about £3.7m over ten years, according to a survey given recently to the Commons Committee of Public Accounts.

Mr Roxy Atkinson, director of the Central Computer Agency, told the committee that, since 1974, the number of separate

Computer news

government payroll systems had been reduced from 23 to ten.

Beyond this, a report by P.A. Management Consultants had suggested that savings of about £3.7m over ten years could be achieved from standardization approach to payroll.

This information is included in the Fourth Report from the Committee of Public Accounts (HMSO, £3.30), just published, which criticised delays and cost increases in the Department of the Environment's vehicle and driver licensing system at Swansea.

A 1968 estimate of £146m as the cost of the Swansea ICL system over 12 years to 1980 had increased to £350m at 1974 prices over 14 years to 1982.

The eventual staff requirement is expected to be 50 per cent more than originally estimated.

Ministry of Defence ICL computer systems for the Royal Naval Survey and Transport Service (RNSTS), the Royal Dockyards, and unified civilian pay and records were also criticized by the committee.

The new general naval stores system should be complete by the end of this year—more than three years later than originally planned, the committee points out.

Staff savings expected from the introduction of the new RNSTS system were now only half those originally envisaged. And the estimated cost had increased from £40m over ten years to £61m over 12 years.

The Ministry's unified civilian pay and records system, involving computers at Bath, Chislehurst, Balgoban and four dockyards, ran into considerable difficulties, the committee says.

Kenneth Owen

Beating inflation in export pricing

From Mr T. E. Simms
Sir, The reasons quoted by Mr David's ex-customers (September 24) for not placing their business with the United Kingdom, are now well known though perhaps not quite so well understood, and they bode ill for our balance of trade in the coming years.

There is, however, a simple solution to the problem he mentions of differential inflation in the United Kingdom. If he quoted his "customers" in their own currency or possibly some other currency which he considers more stable, this would protect his company against United

Kingdom inflation (or at least that part of it which exceeds "world" inflation) and in a way which his customers could hardly object to. He would then be exposed to any differential inflation in his "customers' country but I suppose one has to take the view that inflation is just one more aspect of business which has to be speculated about and the choice of currency in which to quote is another of those business risk type decisions which one has to hope one gets more often right than wrong.

T. E. SIMMS,
49 Heaton Grove,
Bradford 9.

Textile quotas

From Mr Anthony D. R. Holland

Sir, It is reported in Business News today that agreement on textile quotas between the EEC and South Korea is near.

As chairman of a textile group whose ready-made clothing division has to meet unfair competition from imported suits from South Korea and Taiwan in particular, may I make a public plea to the EEC negotiators to insist on retaining rights for our cloth merchanting division to be able to sell British cloth freely in South Korea.

At present there is a total ban on the sale of British cloth to South Korea except for eventual reexport from there. This is unfair and denies us a market of great potential.

Also, I would like to point out that Taiwan, while officially not banning British cloth, has effectively done so by imposing duties of more than 200 per cent. Hence we have lost another market regarded as increasingly important for high quality British cloth.

I appreciate the overall need for avoiding bilateral trade agreements, but if the need arises, tough action must be taken to ensure a fair deal.

ANTHONY D. R. HOLLAND,
74 Warwick Street,
London W1A 3AQ.

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Three year summary of results

Year ended 31st March	Gross Revenue	Ordinary Share Dividend per share	Gross Assets (£000)	Net Assets (£000)
1973	691	2.64p	23,281	14,300
1974	820	3.31p	14,216	85p
1975	879	3.48p	17,149	104p

Annual capitalisation issues have been made to 'B' Ordinary Shareholders as follows:—

1973	1974	1975
1.919020153%	3.631436%	3.1174088%

The twenty largest equity holdings detailed in the Report and Accounts equal 27.55 per cent of the portfolio.

In his statement SIR HUGH MACKAY-TALLACK said: "The number of ordinary shares in issue will increase as a result of any conversions from 'B' shares next March, and the cost of the final dividend for the next year will increase accordingly; nevertheless it is the directors' present intention to maintain the ordinary dividend at 3.25 pence per share."

Copies of the Accounts are available from the Registrar, 95 Southwark Street, London SE1 0JF.

BY THE FINANCIAL EDITOR

Non-pharmaceutical growth for Fisons

It may be in for a period of slower growth in the second half of this year but that kind of thing is not going to stop the market yesterday from a first-half performance that was some way ahead of expectations. The only blemish so far, in fact, is the pharmaceutical division, which is about 12 per cent below last year's level.

As far as the first half is concerned, the market is largely the result of the strong performance of the pharmaceutical division, which has also been a useful 35 per cent increase in profits from relatively small scientific sales. As far as demand may have been met, but selling prices have been catching up with last year's explosion in raw material and profits here are up 31 per cent at £5.5m on last year's sales advance to £1.8m.

The bulk of the growth in the pharmaceutical division is due to the fact that the company has been able to increase its sales of pharmaceuticals by 35 per cent in the first half of this year, while the sales of other products have fallen by 10 per cent. The company's sales of pharmaceuticals are now £1.8m, compared with £1.3m in the first half of last year.

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Mr. George Burton, chairman of Fisons: splendid results from agrochemical businesses.

year, but that the group has experienced some heavy losses elsewhere in the world. The tax losses can, presumably, be offset against future profits in those particular areas, so the damage done to earnings is hopefully temporary, evening out the effects but still leaving the practical implications of a heavier burden on corporate cash flow, despite expectations that the group's balance sheet, when it arrives, will show some welcome improvement.

The second factor, continuing extraordinary losses, is rather more worrying. Although the losses are not as large as those of last year, most people were expecting last year's write-offs to be the end of the exceptional provisions. Instead of which, the actual losses appear to be running at an even higher rate for the £4.8m includes over £1m worth of profits on disposal.

The group is still providing for the China Engineering contract and included in the figures is a loss following the sale of the company's shares in the China Engineering contract. The group's sales of pharmaceuticals are now £1.8m, compared with £1.3m in the first half of last year. The company's sales of other products have fallen by 10 per cent.

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best part of a point ahead of interest charges some £300,000 higher at £2.13m.

But in the context of the "adverse economic situation" the figures are good, and with the promise of the maximum permitted increase in the year's distribution this was enough to send the shares 6p better yesterday, to 120p.

Roadstone has held its own, but only by virtue of stringent cost control and some "tapering" and the same "tapering" has been applied to the construction division, where in some areas the smaller orders are becoming thin on the ground although Tarmac is also picking up business that might in earlier times have gone to smaller and less financially stable groups.

Tarmac reckons to do rather better in most areas in the second half of this year; and in particular there should be more of a contribution from the still modest international division, recently established to look after the group's interests in the developing nations. More significant for the immediate future is the fact that second-half interest charges will be down as the proceeds of the £10.6m rights issue in May are utilized; also the board is expecting the February acquisition of Colas to better the £100,000 contribution it made in the first half.

As against all this, however, there is the fact that things are going ill in the property division, where second-half losses are likely to outweigh those of the first six months to leave the division in the red by the best part of £1m (as against £644,000) for the year. This being the case it would be optimistic to look for anything in excess of £20m (as against £17.78m) pre-tax for the year. But that still leaves the dividend very comfortably covered. The shares are bound to benefit when the pressure for refraction comes on; and meantime the 7.6 per cent yield provides support against the jitters.

Interim: 1975 (1974)
Capitalization £85.5m
Sales £190m (£148m)
Pre-tax profit £8m (£7.27m)
Dividend gross 4.92p (4.48p).

Guinness Peat Recovery potential

Given that straight investment in commodities is not the easiest or always the most desirable form of investment for many investors, the next best medium for those looking to a recovery in world commodity markets over the next 12 months or so should be commodity broking.

And the latest word from Guinness Peat is that trading this year already looks like being better than last year when commodity prices were on the slide. In addition, of course, GP already has a fair amount of built-in recovery potential given last year's carry-over of very substantial costs of the group's move into new premises, a sizable element of doubled-up overheads.

While the merchant banking side, which turned in a better performance than last year, has not been as active as some in the domestic capital-raising market this year, it has apparently been active overseas and is looking for reasonable growth. Throw in further improvement in insurance broking and there looks to be plenty of support for the shares at 163p—particularly as the group does not appear to be looking to a rights issue as a means of broadening the equity base.

Accounts: 1974-75 (1973-74)
Capitalization £31.2m
Net assets £9.2m (£7.2m)
Borrowings £40.4m (£41.3m)
Net profit £3.6m (£4.4m)
Earnings per share 12.7p (16.8p)

So he is looking forward to wearing his new European hat—and can be expected to tilt it slightly towards the United Kingdom.

On attitudes

Arthur Scargill and his Yorkshire area miners' union executive are at it again, this time bearing with equanimity. He believes that EcoSec is a useful body and estimates that about half of its opinions are adopted and incorporated into Council decisions.

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On attitudes

Mr. Derek Whitaker, managing director of the newly-formed British Leyland Cars company, is coming under increasing pressure from Mr. David Andrews, his opposite number at British Leyland International, to improve the quality and delivery times of cars for export. And contrary to some reports BLI is not simply a "middle man" interposed between the manufacturer and his markets.

Mr. Andrews controls an annual turnover of about £750m—about half the group's total sales—and that gives him a lot of muscle in his present attempts to improve quality and delivery of cars on time and in the numbers ordered.

In effect BLI has become by far the group's largest customer. As a separate, profit-accountable company it is in a stronger position than ever before to impose its wishes on the factory.

And nowhere is better quality and prompt delivery more urgently needed than in West Germany, Europe's largest car market with annual sales of more than two million cars.

It was a frustrating experience for British Leyland's visiting the Frankfurt Motor Show recently to hear German motor industry leaders talking patronizingly about British Leyland's continuing failure to sell in their country. "We would like to see you doing a lot better here, but really your standards are just not up to the standards our motorists expect and get", was how one put it. The man directly charged

with improving this position is Mr. Bert Lawrence, BLI's director of European operations. Group marketing director under the pre-Ryder set-up, Mr. Lawrence is a former Ford of Europe executive.

He played the leading role in reorganizing British Leyland's distributor-dealer network in Britain after the 1968 merger. Mr. Lawrence will need all this experience in tackling the German market, reckoned to be the toughest nut to crack in the whole of Europe. But he has made a promising start by admitting that there are serious shortcomings in the present German set-up and the quality of cars reaching the market.

He told me: "Our dealer network is still far too weak. For such an important market, we have too many marginal dealers creating a down-market image—and you cannot do that in Germany. You have to offer a good product, in a good setting and sell it hard."

"Too many of our 400 German dealers are selling British Leyland cars alongside those of competing models from other manufacturers. This is not good for the Mini in Germany. It accounts for around 60 per cent of our total sales there."

All British Leyland car franchises in Germany are held by A. Brüggemann, based in Düsseldorf. British Leyland has a minority holding in this company since 1972 when it added the remaining franchises to its long-standing Austin-Morris holdings.

Last year Brüggemann built a new sales and service centre at Heidelberg and a new spare

A battle is raging along Wall Street as, at long last, the brokerage community is being subjected to the pressures of real competition. The brokers are not surprisingly bitter that the authorities in Washington had the temerity to strip away the cosy cloak of protection that so long shielded this industry and end fixed commission rates on May 1.

The big institutions appear so far to have benefited from the new era of free competition, while the smaller brokers are suffering as each company tries to undercut its rivals. As so often happens when government regulation of industry ends, it is the small man who is suffering the most.

This still has to come into clear focus, but some brokers have already been charging higher commissions to small private investors, and most probably these investors will have to pay partially for the benefits obtained by the powerful institutions.

Just before May Day, a good number of experts on Wall Street were whispering news of a solid front among the leading brokers and dealers. Rumour had it that Merrill Lynch, Sachs, Solomon Brothers and all the other majors would stand firm against the expected institutional demands for lower commission charges.

The first few days of May suggested that the rumours had been solidly based, because the majors made only small discounts of between 5 and 10 per cent. However, the moment real pressure was exerted, the solid front collapsed.

The unity was really broken by a host of small and medium-sized brokerage houses that became known as the discounters, because they offered steep reductions to attract business. Some of the discounts were as much as 50 per cent off the old fixed rates, which had been fixed according to a complex formula based on volume and costs of transactions.

These discounters were largely firms that made no effort to offer full brokerage services and research, but which concentrated almost alone on the pure execution of business.

On average, says Mr. Robert Sherman, senior vice president of Sachs and Company, the discounts to institutions that are being offered today are around 35 per cent.

Other brokers, who clearly did not want to appear undignified by suggesting that they were offering the best rates in town, said that many brokerage companies are still offering discounts of 45 per cent and more.

What emerged from speaking to brokers was that there are several tiers of rates depending upon the size of the institutions. The biggest clients can in

title of Northern Ireland's "small firm of the year". The co-operative is Carn Fashers, of Swatara, which in 12 months has increased its output sixfold, tripled its labour force (to 23) and been "very profitable". The company is led by managing director Tom McIlhenny, who was launched by the Northern Counties Co-operative in March, 1974, to manufacture wood screws.

This followed the "sensing" by the co-operative's chairman of a market for wood screws—traditionally the stronghold of GKN.

Yesterday's trophy was awarded jointly by the Northern Ireland Local Enterprise Development Unit and the Northern Bank. "When we first announced our intention of taking on GKN," McIlhenny recalled, "people said we were crazy. But we have successfully penetrated the Ulster, Irish Republic and British markets, and are about to send our first container load abroad to Nigeria."

How do they do it? Well, one of the answers may be that Carn specializes in gimlet-pointed screws so sharp that they can be hand-screwed into hard wood. About a third of the employees are shareholders, and of the others—mainly young people—most of their fathers have a stake in the business.

A south London postman struck what might be a prophetic note early yesterday morning. On the day that postal charges were raised yet again he was heard to mutter "The Last Post" as he made his delivery.

Trophy winners

A small village co-operative in Londonderry is trumpeting its success. It has challenged the mighty GKN group and, as a consequence, won itself the

Why British Leyland needs to get to grips with Germany

depot at Neuss-Norf, near Düsseldorf. The latter was badly needed to shorten "off-road" times for British Leyland owners.

But in recent years Brüggemann's dealers have become frustrated by the factories' inability to meet their orders. At time of peak demand they have frequently received less than half the cars they have received have been woefully short of German standards.

The most recent failure in this respect was the condition of early Allegros, although this was a general shortcoming with the model and not restricted to Germany.

Mr. Lawrence admits that one of his biggest headaches is the question of quality. Much of the criticism he insists is no longer justified.

"There has already been considerable improvement in quality, but it is still not up to the standard I believe necessary to sell really well in Germany."

"So far as I am concerned improved quality is the number one priority and I have made it very clear to the factories that I shall not be prepared to buy cars which do not meet the required standards."

Last year British Leyland sold fewer than 14,000 cars in Germany. This year it hopes for a slight improvement to around 16,000 as the German market improves to improve ahead of the rest of Europe.

But to put that into perspective the hoped-for 16,000 is only a quarter of Datsun's sales in Britain last year and despite the poor performance of Japan-

ese cars as a whole in Germany is still below Datsun's present German sales.

In the first six months of this year British Leyland took only 0.6 per cent of the German market compared with Datsun's 0.7 per cent, Renault's 5.9 per cent and Chrysler's 3.1 per cent as a whole.

Yet with the advantage of the continued weakness of sterling British Leyland cars are very competitively priced and offer a good profit margin to dealer and factory alike. The range of cars on offer is now being tailored to German tastes and will soon be based on the Mini, an up-dated Allegro, the Princess (the 18-22 range), the new Rover-Triumph saloon, code-named ST1 and due for launching next year, the Range Rover and selected Jaguar models.

An advertising campaign will be launched shortly to sell

will be driven out of business, with the remainder not being strong enough to take all the risks involved in heavy underwriting of new issues, so also reducing the ability of the market to provide liquidity with the vast volume of capital it will need.

But at the moment, when a broker is part of an underwriting consortium for new stock that all the institutions want and for which demand is bound to exceed supply, the brokers can make sure that the shares they have go only to those institutions that have been most reasonable about commission negotiations.

Finally, some brokers and market observers are alarmed about the prospect of the authorities being encouraged by the ending of rates to take further steps to decontrol the industry. The most feared step, it would appear, is the abolition of the New York Stock Exchange's rule 354, which bans trading in equities off the exchange's trading floor.

There is little doubt that Merrill Lynch was encouraged to press ahead with its plans to deal in off-limits off the floor by the increasing profit pressures imposed by freely negotiated commission rates.

Most brokers believe Merrill Lynch would have taken this step even without the ending of fixed rates, because of its dominating position in the odd-lot business.

However, trading odd-lots on an inter-office basis could bring Merrill Lynch some considerable savings, and in an age now where profits are going to mean tight management, other brokers may attempt to trade in equities off the floor of the exchange.

But the conventional Wall Street wisdom is that rule 354

will not be abolished and that off-floor trading may indeed only concern odd-lots.

Brokers stress that inter-office trading in securities will increase costs, not cut them, because of the additional burden of having to finance large increases in the volume of corporate liquidity and financing the sometimes highly costly business of making markets in individual stocks.

Most brokers did not believe that fixed rates would ever end and they may be just as wrong today about rule 354, but what ever happens there can be no doubt that competition in the brokerage industry is increasing and brokers are having to find ways of becoming more efficient to meet the new competitive challenges.

It is still far too early to assess the real impact on the balance-sheets caused by the ending of fixed rates. Basically, however, countries which believe in free enterprise have no good reason to make an exception of stockbrokers.

The federal government in Washington is well aware of the problems that may develop from ending fixed rates and concerned about the possible increases in charges to small investors.

Its response is, however, not likely to be that of reintroducing fixed rates. Instead, Washington might change in tax laws so as to increase public interest in the securities markets, thus increasing the business volume of the brokers, raising the volume of capital that might be available for use by lenders in the markets and offsetting, to some extent, the cost to small investors that freely negotiated commission rates have produced.

Some experts fear that the competition will be so brutal that too many brokerage houses

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Shares easier

ACCOUNT DAYS: Dealings Began, Sept. 22. Dealings End Oct. 3. Contango Day, Oct. 6. Settlement Day, Oct. 14.
 (Forward bargains are permitted on two previous days.

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